

AGRICULTURE
AND THE
THIRD ENLARGEMENT
OF THE
EEC :
A STUDY OF
NEGOTIATION

A thesis presented for the degree of Doctor of Philosophy in Politics
at the University of Edinburgh.

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to the Faculty of Social Sciences, University of Edinburgh, 7 October,
1988.



DECLARATION

I hereby declare that the thesis within is my own work. No portion of this work has been published prior to submission of this thesis. It has not been accepted in any previous application for a degree. All quotations have been distinguished by quotation marks and the sources of information acknowledged.

UNIVERSITY OF EDINBURGH

ABSTRACT OF THESIS (Regulation 7.9)

This thesis uses the agriculture chapter of the EEC's third enlargement negotiations to examine two related topics: negotiation, and the ability of single states (Spain and Portugal) to negotiate with collective entities (the EEC). In doing so, it fills two gaps in the current literature. Firstly, by focusing on the Iberian side of accession, it covers aspects of the negotiations hitherto only cursorily examined by other studies of the enlargement. Secondly, it exposes the weaknesses of prevailing theories of negotiation. Furthermore, it shows that no theory yet exists which takes account of single state-collective entity negotiations. This justifies the use of the descriptive process approach to examine the third enlargement as a case.

The use of the descriptive process approach provides a means of organizing, interpreting and evaluating the complex phenomenon called negotiation. It enables the use of techniques from other approaches without sacrificing details for the sake of theoretical consistency. Secondly, it enables an examination of the internal constraints facing parties to any negotiation. Finally, it gives a sense of the bargaining dynamics present in all negotiations.

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"The two poles of the economic debate are autarkic self-reliance and open international cooperation....Thus between an independence that is impossible and an interdependence that is dangerous, middle solutions must be found."

I. W. Zartman

CHAPTER ONE

THE THIRD ENLARGEMENT OF THE EEC: GENERAL CONSIDERATIONS

INTRODUCTION

This thesis examines the agricultural issues in Spanish and Portuguese negotiations to enter the EEC. In fact the agriculture chapter of accession negotiations best illustrates the complexities of behaviour between EEC Member States on ^{the} one hand, and between the EEC and third countries on the other. Its contentious nature highlights the many facets of EEC interaction with third parties, and the difficulties third parties encounter in relations with the Community. This thesis seeks to fill a gap in the literature, as little of depth and quality has been written on Iberian aspects of accession. The existing literature either concentrates on the EEC, or explores non-agricultural aspects of accession in depth; this is particularly the case for Portugal. Secondly, it contributes to our understanding of the patterns and nature of the Community's negotiating processes. Finally, the bulk of this thesis concentrates on our understanding of the general **problem** of negotiations between single states and collective entities (such as the EEC).

The European Community's southward expansion during 1975-1985 was

a pivotal period in its history, yielding considerable opportunities and dilemmas for all sides. These encompassed the wide range of practical institutional, economic and political considerations created by expansion. The expansion process resurrected fundamental questions about the EEC's nature and future direction, and also the place of its new Members. Early in the process, the Community's perceptions of the **potential opportunities** submerged under the **dilemmas uncovered** (or re-exposed) by enlargement, dominating **events** thereafter. The Community's concentration on the **problems** of enlargement turned the southern expansion from a single unified process into a complex, two-fold one. Moreover, it placed the bulk of the onus for the foreseeable difficulties on Iberian enlargement. Thus although the European Community and scholars habitually refer to the southward expansion as the "second enlargement" it is the contention of this thesis that the process constituted **two** separate and identifiable enlargements.¹ Furthermore, the agriculture sector constituted the major source of difficulty in the negotiations due to the CAP's dominance in EEC policy, and its sectoral importance to Iberia. **Therefore, the Iberian enlargement is referred to as the Third Enlargement.**

However, despite the fact that all participants recognized its importance, and the literature on enlargement is rich, little of balance and quality has been written about the **applicants'** side of the process.² The polemic raging around the agriculture chapter of accession negotiations tends to be portrayed in terms of EEC politics and interests. Such discussion lends only superficial attention to the positions and actions of the applicants. It also obscures our understanding of the negotiations and the enlargement process. Negotiations should comprise dialogues creating better outcomes, not monologues. Enlargement affects the new Members, not merely the existing Members.

This thesis addresses that deficit in the literature, focusing on the Spanish and Portuguese side of negotiations in agriculture. In particular, it examines the domestic factors conditioning Iberian negotiating postures, and then concentrates on the success or failure of Spanish and Portuguese attempts to gain recognition of legitimate interests at the bargaining table. In doing so, it raises questions about the ability of third countries to bargain profitably with the EEC.

This chapter introduces the topic by discussing general aspects of the enlargement debate. Firstly it places the Mediterranean enlargement, especially the third enlargement, in context, and discusses the features distinguishing the third from the second enlargement. From there, a brief critical examination of the existing literature illustrates its deficiencies regarding the Iberian politics of accession and Iberian conditions and constraints affecting negotiations. Next, it briefly summarizes and evaluates the justifications used to defend the enlargement process and relates these to the attitudes of the participants. Fourthly, it ends with an introductory discussion of negotiation as a precursor to Chapter 2.

The nature of this thesis requires an examination of two distinct categories of literature: one on enlargement and related issues, and one on theories of negotiation. To include both literature surveys in a single chapter would complicate our understanding of the relationship of the two in this thesis. Therefore, sections 2 and 3 of this chapter address general and detailed aspects of the literature on enlargement. Section 4 merely touches on negotiation as an introduction to Chapter 2, which discusses the topic and its literature in greater depth.

1. THE IMPORTANCE OF THE SOUTHERN EXPANSION AND THE DIFFERENCE
BETWEEN THE SECOND AND THIRD ENLARGEMENTS

The Mediterranean expansion transformed the Community in several ways. Firstly, it changed the "balance" of the EEC from a rather homogeneous, well-off, "northern" group of countries to a heterogeneous group with strong northern and southern characteristics. This increased the marked income and regional/structural economic disparities. Secondly its expanded size increased its international importance. Having expanded in area by 47.7%, and in population by 21.8%, it became the world's largest industrial consumer market. With the second and third enlargements, the Community became emphatically the world's most potent trade force.

In agricultural terms, the enlargements provided the greatest changes, not all of which were positive. In terms of self-supply, Spain's inclusion increased the Community's self-sufficiency in virtually all fruits and vegetables, and exacerbated the oversupply of wine, olive oil and tomatoes. But the increase in self-sufficiency was at the cost of a decrease in productivity of about 24% through inclusion of the Three. Enlargement increased the Community deficit in feedgrains. The wider sectoral incidence of superabundance -- in various products -- portended increased expenditure under the Common Agricultural Policy (CAP) which already dominated Community policy and expenditure. This occurred at a time when the CAP's dominance came under increasing criticism.³ The enlargements raised the importance of agriculture in other ways because of its importance in the applicants' economies. It brought a 49% increase in farming population and a 57% increase in the number of farms, most of which were very small, and very poor -- hardly optimal in economic terms.⁴

Spain's economy and its large agricultural export sector were the

dynamic forces of the southern expansion. By comparison, Greece and Portugal's smaller populations, GDP per capita and sectoral production demonstrate their less dynamic nature; their agricultural production and trade figures demonstrate ^{the} assertion about exports.⁵ When Greece applied to accede, the negligible impact of its economy on the Community enabled Members -- especially France and Italy -- to emphasize **political** over economic considerations to approve and expedite the second (Greek) enlargement, notwithstanding the Commission's cautious recommendations.⁶ The dynamism, size and weight of Spain's agricultural economy could not be ignored so easily. It posed immediate threats to French and Italian competitors, and exposed the endemic deficiencies of the CAP -- especially in Mediterranean sectors.⁷ This opened wider, more fundamental debates concerning the Community's own general orientation.⁸

This explains why the Community's attitude changed in the wake of the Iberian applications, making the break between the second (Greek) and the third (Iberian) enlargements. If, as in the Greek case, the Community perceived the expansion to be inexpensive in economic, institutional and policy terms, enlargement provided a grand political gesture to Greece's new democracy, and any economic difficulties could be smoothed over. However, if enlargement presaged new and unwelcome trade competition, reforms to its **acquis** and institutions, and added costs to the already expensive CAP, the Community's attitude became decidedly **defensive**. Spain threatened precisely this. Unfortunately, Portugal applied shortly before Spain, and was thereafter considered in the light of the difficulties Spain presented. **Spain forced the EEC to face its extensive internal malaise.** Thus, had the Greek and Portuguese applications occurred in quick succession, the southward expansion would have been conducted altogether differently for Portu-

gal and Spain.

The Community's own attitude conditioned its negotiating behaviour and split the Mediterranean expansion in two. Its obsession with costs, primarily aimed at preventing uncontrollable new costs, dominated the process and its surrounding debate. Such concentration diverted attention away from the related but deeper decision-making and policy malaise from which it suffered. For example, the polemic over the foreseeable expenditure effects of adding Spain to the Mediterranean acquis completely ignored the fact that the majority of CAP expenditure concentrates on northern products, not southern products. Enlargement failed to alter this fact. Yet the main battles between Spain and the EEC concerned Mediterranean agriculture. Above all, the Community's behaviour was conditioned by positional struggles between Members over various issues (CAP reform, budget/contributions, Integrated Mediterranean Programmes or PIM). The outcome of such struggles made the Community's positions inflexible, aimed at enhancing individual Members' interests at the expense of the applicants. This attitude in the Iberian enlargement contrasted with the Greek enlargement.

Thus Spain, and to a lesser extent Portugal, were forced into adversarial negotiations by the Community's zero-sum behaviour. For Spain in particular, the negotiations turned into a battle not to create an unacceptable outcome rather than a competitive/cooperative dynamic to create the best possible outcome for both sides. Portugal, emphatically the *demandeur* in proceedings, depended on the Community's goodwill for an outcome not seriously detrimental to her ailing economy. However, in the few sectors in which Portuguese products competed with Community products, Portugal too was treated to the Community's zero-sum behaviour. A substantial part of this thesis examines Spanish and Portuguese attempts to come to terms with and combat the

Community's inflexible negotiation behaviour. This discussion shows why third countries find negotiations with the EEC difficult, and why outcomes tend to be one-sided in favour of the Community.

The difference between the second and third enlargements is further illustrated in the length of time they lasted. From application to the signing of its accession treaty, Greece's negotiations lasted 59 months.⁹ Compare this with 95 and 99 months for Spain and Portugal respectively.¹⁰ Certainly the lugubrious pace of the Iberian enlargement sets it apart from Greece. Moreover, the Greek government's own attitudes and activities towards the Iberian applicants highlights the division between the second and third enlargements. After Prime Minister Papandreou's election as Prime Minister in October 1981, Greece utilized the Iberian enlargement to procure the Integrated Mediterranean Programmes (PIM). The PIM, which aided Greek, French and Italian Mediterranean regions, were used as a "payoff" for Greek consent to further expansion. The PIM also excludes the new Members, again demonstrating the asymmetry in attitudes and treatment. Had the southern enlargement been a single unified process, we would not have seen Greek conditions placed upon it. Thus, the second and third enlargements are distinguishable in the length of time they took, the conduct of the negotiations, and the treatment of the applicants.

2. EXISTING LITERATURE

The existing literature on the Mediterranean enlargements is rich in general and EEC terms, but poor in specific and Iberian terms. There are three reasons for the imbalance. Firstly, scholarship on all aspects of the European Community is well established and rich.

Moreover, the Community itself is the source of a wide variety of statistical data, discussion documents and reports. Hence the bias toward the EEC in enlargement is understandable. A second reason for the imbalance is the relative lack of literature on Spain and Portugal. Scholarly interest only recently awakened to Spain and Portugal, and tended to concentrate on the re-emergence and consolidation of democracy there rather than critical examination of government functions and political economy. A cursory glance at the bibliography in this thesis confirms this assertion. Spanish and Portuguese scholarship suffers from the youth of their regimes -- the field of study is entirely new for them. The dictatorships denied researchers the opportunity to examine the politics and workings of government institutions in all but a legal sense; democracy and enlargement occurred in close succession, not allowing for reflective study to occur. In Spain, during the enlargement process, various ministries and financial institutions began to remedy the problem through the publication of "in-house" journals, such as the Revista de Instituciones Europeas and Economia Industrial. In Portugal, apart from a few studies, little such literature was generated. An exception was the employer's journal Negocios, which printed articles on the enlargement.¹¹ Thirdly, agriculture, the most controversial aspect of accession, was contingent upon the resolution of other internal EEC and Iberian issues (especially in Portugal). This complicated any but superficial discussions of agriculture and accession, and helped to divert attention to more clearly defined issues.

Scholars specializing on the EEC tend, by training and availability of materials, to concentrate on how the enlargement affects the Community, examining superficially the applicants' case.¹² They do so by examining enlargement through its costs, the impact on the CAP and

on the decision-making processes. The Second Enlargement of the EC: Adjustment Requirements and Challenges for Policy, by Donges et al, is perhaps the best example of this genre. It is one of the most rigorous studies on the Community's policy malaise and enlargement. However, while he discusses necessary "structural adjustment" for Spain and Portugal (after a very vague summary of the "fit" of their economies to the EEC) he fails to go into detail. One of the difficulties of such studies is that it is so easy to become entangled in the intricacies of the EEC's operations that discussion diverts away from the applicants.¹³ EEC debates did dominate the discussion, but they give us no clues as to the **interaction** between the Community and the applicants during the negotiations.

Comparative and sectoral studies on enlargement and agriculture tend to be too superficial for our purposes.¹⁴ For example, while Tsoukalis' The European Community and its Mediterranean Enlargement provides an excellent comparative starting point for discussing enlargement issues and the applicants' internal discussion, it too lacks depth. This may be excused on account of its early publication (1981). In the end, Tsoukalis, like Buysse and Esser et al, examines the Community agriculture debate much more thoroughly than that of the applicants. Most other comparative studies restate Tsoukalis, often not as well. One of the major difficulties of such literature is that it attempts to discuss the **impact** of enlargement based on static economic analyses -- as if the applicants would enter the Community without transition tomorrow. The issues of enlargement are too complicated for a static analysis to be more than simplistic and inaccurate. In order to understand the impact, a complex **dynamic** analysis would have to be made -- a difficult if not impossible task.¹⁵

One exception to "EEC-centric" comparative studies is Sampedro and

Payno's The Enlargement of the European Community: Case Studies of Greece, Portugal and Spain. This book self-consciously seeks to put the **applicants' case** to the reader, and critically examines some of the Community's well worn arguments and attitudes to enlargement. However, the quality of the material is patchy overall, often sliding in to very general questions such as the historic development of "northern" Europe as opposed to "southern" Europe and its relationship to dependency.¹⁷ Also, because of its wide scope, it cannot deal with the agriculture sector in great depth. Various Iberian oriented conference papers also suffer from the same problem.

Specific studies on Spain and Portugal, or on the agricultural enlargement, are more difficult to locate. Sectoral studies, such as Agra Europe's reports, provide a reasonable examination of the primary sector in the applicant countries.¹⁸ These seek to provide a complete picture, including the intervention mechanisms and the place of agricultural interest groups. However, the reports are at times inaccurate with regard to the functions of agricultural intervention systems. The level of information imparted on Portugal is low, because of the dearth of published information on agriculture from that country at the date of publication. Two Spanish studies, Camilleri et al and Benelbas, go into fairly exhaustive **economic** comparisons of the Spanish and EEC agricultural economies and intervention systems. They also analyse the validity of some Community arguments about the impact of Spanish agriculture on the EEC and vice versa. These two works provide reliable information to identify **internal economic conditions** affecting Spain's negotiating position, but do not discuss the negotiations themselves. Later in the negotiating process (1984), the Spanish Ministry of Agriculture began publication of the Boletin de Informacion Extranjera, designed to inform interested parties of Spain's

position in the negotiations, and advance Spanish negotiation interests. Apart from the summary negotiation documents of both the Spanish and Community positions, it helped to fill in gaps about the policy-maker's views on the enlargement, and the Community's internal debate. Much of this literature was highly critical of the EEC.¹⁹

For Portugal, however, reliable sectoral studies are few and general. Alvares and Roma Fernandes, for example, discuss the **theory of customs unions** thoroughly in their two-volume work. They also make a well-reasoned economic/trade argument for Portuguese membership of the EEC. However, they pay scant attention to Portuguese agriculture, spending more space elaborating the structure and workings of the CAP.²⁰ The Portuguese Ministry of Agriculture, unlike its Spanish counterpart, did not publish "in-house journals" on its agriculture sector and enlargement. The prime reason for the lack of Portuguese literature on agriculture is its Ministry's lack of institutionalization: the new Ministry itself had little idea how Portugal's agricultural economy functioned.²¹ As a rare report noted, "the availability of information, unfortunately, on the level of agriculture, is scant."²² This deficit typified Portugal's lack of preparation in the negotiations. Discussions on Portugal thus tend to be more general and much primary material is necessary.²³

Iberian accounts of the negotiations are difficult but worthwhile to obtain.²⁴ Alonso's account of the Spanish employer's group CEOE's activities in the negotiations reinforces the impression of virtually non-existent agricultural interest representation in Spain during the process.²⁵ Enrique Gonzalez Sanchez, a Spanish diplomat who participated in the negotiations, provided summaries of yearly activities during the negotiations. For Portugal, negotiation documents were used extensively, as were rare conference proceedings involving Portuguese

negotiators, Prime Ministers and Finance Ministers.²⁶

With regard to press reports, the Spanish press closely followed the accession negotiations from 1980 onwards, maintaining public interest on the issue. It conducted lively debates concerning various issues throughout the negotiations, often articulating popular opinion in its responses to new setbacks in the process. In particular, the Socialist government skilfully used the media in its own and other countries to articulate its case, seeking to alter the Council's inflexible attitudes, though to little avail. Portuguese public opinion was very apathetic and ignorant regarding the enlargement, and this was reflected in its press coverage.²⁸ Coverage was sparse during most of the negotiations, and then concentrated mainly on decisions handed down by EEC summits, and "momentous events". Successive governments failed to manipulate the press as skilfully as in Spain.

3. JUSTIFICATIONS AND ATTITUDES

Little attention has been given to the justifications used to defend enlargement by any of its participants. Yet the reasons behind a commitment to negotiate affect bargaining behaviour.²⁸ Perhaps this inattention reflects muddled rationales among the participants. Nevertheless, a brief review of the most frequently used arguments provides clues as to the less valid among them and lends hints regarding the orientations of the participants. It is logical that the applicants should negotiate to fulfil the expectations generated by their decisions to negotiate. Whether the expectations are realistic does not concern us here. Linked to the justifications are the attitudes of the participants. Spanish and Portuguese justifications, as intro-

duced below, were interlinked and determined their negotiating orientations. The attitudes of individual EEC Members determined the Community's position, and weakened the viability of the justifications the EEC used for enlargement.

A. Justifications

A variety of justifications have been used to defend the enlargement process. These range from historical/cultural/psychological to the high political, to an array of economic considerations. As will be shown in later chapters, Spanish political leaders used all three to justify their accession, concentrating on the political and economic arguments. The Spanish populace tended to see the enlargement in cultural/psychological terms, and the King actively reinforced these views. Portuguese leaders concentrated on political and general economic justifications, but in the absence of clear economic policies and specific goals, relied more heavily on political justifications. The EEC used political arguments for the Iberian enlargement, but its economic anxieties about the impact of Spanish entry submerged the political considerations.²⁹ The economic justifications used by the Community were also submerged by economic anxieties and positional struggles, mainly over agriculture.

i. history/culture/psychology

One of the most popular arguments for enlargement is the assertion of the "European-ness" of the applicants. The argument is simple: Spain and Portugal are geographically, historically, and culturally unquestionably Western European.³⁰ Iberia has until recently been outside the Western European mainstream, both withdrawn from and neglect-

ed (or rejected) by its counterparts. Its "historical disynchrony" in religion, war, poverty and dictatorship also separated them, until recently, from the European fold.³¹ Once they "rejoined" the Western democracies, they therefore **deserved** to be admitted to the EEC club.

This argument, in response to the European rejection of Spain, makes sense to the Spanish populace at large. Spain's "historical disynchrony" lasted from the Reformation until the mid-1970s, encouraging isolation from Europe. Spain also has an historically uneasy relationship with the French. Many Spaniards feel that the French look down on them. The French share the uneasiness: the phrase, "Africa begins at the Pyrenees" is French, and prominent Frenchmen have made similar disparaging remarks about Spaniards.³² Spanish negotiators responded with claims to be "more European than the Europeans."³³ It may also be one motive for Spanish demands for equal treatment during the negotiations. This uneasiness reflects traditional Hispano-French rivalries, and the French acknowledgement that Spain, in accession, might not be so malleable to French interests as a "tiers force" as Greece would be. If this motivated Spanish insistence on European membership it would be directed above all at French sceptics.

But if Spain's defence of "European-ness" directs itself at the French, then acceptance of its historical/cultural/geographic identity is not really an issue: recognition and acceptance are. If recognition and acceptance of Spain's European identity were necessary, then Spain could have joined or signed a number of international conventions and political institutions which would have given her **symbolic** status. However, it is unlikely that Spanish leaders and negotiators would tenaciously pursue negotiations for seven years to enter an ailing regional community for the sole purpose of proving to French leaders that Spain was European. Therefore, this argument could not carry

great weight among the political actors pursuing accession.

With regard to Portugal, the argument is invalid at once. Portugal, unlike Spain, was historically more sensitive to and accepting of European ideas. The Portuguese political elite and society traditionally absorbed major currents of European thought, albeit adapted to Portuguese peculiarities.³⁴ Thus "historical disynchrony" mainly applies to Portugal during the dictatorships (1926-1974). Even then, Europe did not reject Portugal. Britain did not abrogate her ancient treaty with her.³⁵ Nor did dictatorship prevent Portugal from becoming a founder member of NATO or EFTA. Portugal failed to be ostracized economically or politically by Europe (especially the EEC) as happened to Spain. If Salazar's Portugal focused its attention on its colonial *ultramar*, it was for classical mercantile reasons, and because of Salazar's own suspicion of Europe's corrupting influence on his country. The latter attitude waned under Caetano. Finally, in any review of Portuguese literature, the need to define its "European-ness" never occurs as a motive for accession into the EEC. After the loss of her empire, Portugal "rediscovered" Europe -- not the other way around.

ii. young democracy (high politics)

A second popular argument favouring the EEC's southern expansion generally is labelled here the *young democracy* thesis. This is the belief that by allowing Spain and Portugal to accede, the Community would provide an essential and decisive prop for Iberia to maintain and strengthen fragile, uninstitutionalized young democracies. It has been used rhetorically by all sides during the southern expansion, especially during the Greek and Portuguese accession negotiations.³⁶

In the Spanish case, the argument falls at once. If it were true, then at the first hint of threat to Spanish democracy, the Community

would have rushed accession negotiations to accommodate Spanish entry. This the Community failed to do in a spectacular manner.³⁷ In fact, the Council slowed negotiations down as a response to the 21 February 1981 coup attempt. Apart from that, the Spanish constitution, unlike the Portuguese constitutions, was constructed in a consensual manner with the participation of all parties: its key feature was the promotion of internal legitimacy and democratic stability.³⁸ In other words, the Spanish constitution secures its own stability and legitimacy, without dependence on external props. On the other hand, West Germany, Italy and Britain supported Spanish and Portuguese entry for military security reasons.

However, the Portuguese political system is not so clearly based on a consensual desire by its political elite to provide a stable internal basis for democracy.³⁹ Its present constitution is more party-oriented, as the Greek constitution is. The 1977 constitution certainly did not orient the country toward stable democracy, but toward the economic and social transformation needed to create a socialist society.⁴⁰ By 1980 its demonstrable ineffectiveness forced a revision, which ended in 1982. The 1982 revision was dominated by party political debates. The malfunctioning political system, of which the constitutional reform debate is an indicator, has brought practical immobility and stagnation to the governing process.

Obviously the inability and/or unwillingness of any government to attempt to change such a situation threatens the stability of its political system. It is hardly surprising that some Portuguese, especially bureaucrats, took a *sebastianist* view of entry into the EEC.⁴¹ They hoped that the Community would solve Portugal's problems, forcing the political system into motion at last. Whether accession to the Community will achieve this goal is dubious, given its operations and

practices.

For the EEC this argument is invalid, but some spokesmen use it anyway.⁴² It sounds pleasant, even if unsubstantiated by positive action on its part, as the third enlargement negotiations and other Spanish experiences show.

iii. economic justifications

The weakness in the above reasoning lies in its lack or poor integration of economic rationales. It is logical that in order to justify entry into a primarily economic regional community, political justifications combining or taking account of economic realities and political-economic goals would be most compelling. They would also be much more complex. The following discussion seeks to take account of economic realities and political-economic goals. It has three parts, trade, labour/division of labour, and development/modernization.

The substantial economic role the EEC plays in trade flows to and from Iberia is an undeniable factor, as Tables 1 and 2 show, below. When the percentage of Iberian agricultural exports in total exports to the EEC is taken into account, the EEC's trade importance rises still further.⁴³ Iberian trade with the Community increased after the first enlargement, because of Britain's large share of trade. After the first enlargement, then, the choice for the EEC was ineluctable in trade terms, if Spain and Portugal wished to maintain market shares in traditional exports. In order to maintain market shares, they would inevitably have to sidestep growing barriers to trade with third countries caused by the Common External Tariff (CET) and the Common Agricultural Policy (CAP).⁴⁴ Given the EEC's unwillingness to negotiate meaningful tariff reductions in trade agreements with the Two -- especially in the important agriculture sector -- enlargement became the

TABLE 1

SPANISH IMPORT AND EXPORT TRADE BY AREA: 1961-77 (% VALUE)

	EEC 6		EEC 9		EFTA	
	M	X	M	X	M	X
1961	26.1	37.6	-	-	14.0	25.6
1965	37.4	36.2	-	-	16.9	23.1
1970	32.5	36.1	-	-	14.4	18.0 (1970 Agreement)
1973	-	-	43.2	47.8	6.9	8.3 (First Enlargement)
1977	-	-	33.8	46.3	4.8	6.7

SOURCE: OECD, Trade by Commodities (Paris, various years); L. Tsoukalis, *op cit*, p. 85.

TABLE 2

PORTUGUESE IMPORT AND EXPORT TRADE BY AREA, 1960-77 (% VALUE)

	EEC 6		EEC 9		EFTA	
	M	X	M	X	M	X
1961	30.3	21.6	-	-	20.0	20.6
1965	34.9	20.7	-	-	21.5	26.9
1968	33.5	16.6	-	-	22.5	34.3
1971	32.8	18.9	-	-	24.8	37.2
1974	-	-	43.5	48.3	10.0	14.5 (First Enlargement)
1977	-	-	43.5	51.7	8.4	15.1 (Application)
1978	-	-	46.0	56.6	8.9	12.1 (" Accepted)

SOURCE: INE, Anuario Estatístico, (Lisboa) 1977; INE, Portugal '83, (Lisboa, 1983), own calculations.

only viable alternative.

The labour argument concerns the Iberian participation in the international (European) **division of labour** and **free movement of labour**. The international division of labour argument concerns the industrial and services sectors rather than agriculture, but should be noted.⁴⁵ It is an essential factor in any long term argument for accession. It recognizes the economic disruptions entry into the EEC would cause to the Iberian economies. But it also recognizes that membership in the Community would enhance their ability to rationalize and restructure

their industries to be internationally competitive and economically successful. This, however, depended on adequate national economic planning to integrate the Iberian economies successfully into the EEC. Spanish policy-makers were aware of and able to take account of this; Portuguese policy-makers were also aware, but incapable of taking advantage of it because of the policy vacuum that existed in government.

The free movement of labour argument acknowledges the Community's importance as an Iberian employer. As Tables 3 and 4 show, the Community became Spain and Portugal's principal emigration centres in the 1970s. Portuguese emigration trends in Table 4, however, disguise the importance of emigration toward the Community as a "safety valve".⁴⁶ Both countries experimented unsuccessfully with autarkic development policies and abandoned them.⁴⁷ They could not halt the integrative trade and labour trends shown above. Given these facts, they had two choices. Firstly, they could seek full integration into the Community, and mould their economic and social development to fit it, hopefully taking advantage of inclusion in its decision-making locus. Secondly, they could seek to co-exist with the Community as outsiders, possibly diverting the emphasis of their foreign and trade policies elsewhere. They chose the first, having already experienced the negative effects

TABLE 3

SPANISH LABOUR EMPLOYED IN THE EEC

	1969	1973	1974	1975	1976
BELGIUM	27,000	30,000	34,000*	34,000*	28,000*
DENMARK	-	500	716	714	700
WEST GERMANY	135,000	190,000	149,718	124,533	107,518
FRANCE	254,000	265,000	265,000*	265,000*	265,000*
IRELAND	-	52	109	18	14
ITALY	2,000	2,249	2,294	2,286	2,286
LUXEMBURG	1,100	1,700	1,900	1,900	2,100
NETHERLANDS	11,813	12,630	11,341	8,032	4,922
BRITAIN	-	3,700	36,000	37,000*	37,000*

* estimates

SOURCE: EEC Commission, Opinion on Spanish Membership
(19)

TABLE 4

PORTUGUESE EMIGRATION TO EUROPE

	1971	1972	1973	1974	1975	1976
WEST GERMANY	14,377	31,479	3,049	1,072	346	210
FRANCE	17,800	20,692	10,568	2,866	2,637	2,489
BRITAIN	309	586	666	630	306	201
OTHERS	1,476	4,669	3,292	939	1,416	1,817
TOTAL	33,962	57,426	17,575	5,507	4,705	4,717

SOURCE: INE, Anuario Estatístico (Lisboa, 1981)

of the second. Portuguese leaders, who govern an underdeveloped country, hoped that EEC membership would provide the necessary impetus to bring their country into the late twentieth century.⁴⁸ In agricultural terms, this meant transforming Portuguese agriculture from a subsistence to a commercial sector. Portuguese leaders and bureaucrats give the impression that EEC membership will yield vast sums of money for them to reconstruct and develop their economy. The Commission's **Opinion** also recognized development as a legitimate aim, but the extent to which the Community, with its limited funding, would be able to reconstruct Portugal, is dubious. This is particularly true when we consider Portugal's general lack of economic planning: without clearly defined goals, the idea of development funding became largely rhetorical.⁴⁹ In order to take advantage of the development opportunities yielded by accession, Portuguese negotiators would have needed these goals and plans, and also a means of implementing them. They did not have them. For Spain, the argument revolves around **modernizing** various sectors and practices to make Spain a competitive, highly industrialized country. Spanish economic planning has historically been more **dirigiste** than Portugal's, and Spanish negotiators had clear conceptions of economic interest to follow.⁵⁰

The above discussion recognizes the Community's economic importance, in present and future terms, to Iberia. In hard economic terms, these arguments for accession are convincing. If Spain and Portugal wished to have control over growing portions of their economies, they would have to join the EEC's decision-making locus to do so. Their ability to make use of these arguments depended on their own definitions of interest. For the EEC, the positive economic arguments concerned **market access**, mainly to Spain's large, previously protected, industrial economy, rather than Portugal's.

B. Attitudes

The justifications above appear to be clear, but did they guide the participants' attitudes?⁵¹ Spain's rather hard-headed economic considerations, defined by clear economic goals, did condition its attitude.⁵² Portugal's "policy drift" made its political leaders and negotiators recognize the importance of **general** economic considerations, but prevented them from acting effectively.⁵³ Thus, Portuguese leaders fell back onto political justifications as the operative alternative. In both cases, Iberian attitudes toward the Community generally, and enlargement specifically, remained favourable and optimistic until late in the process. The same cannot be said for the Community. The positive arguments were submerged by **individual Members'** negative attitudes. These in turn reflected specific agricultural interests.⁵⁴

i. Spain and Portugal

Having examined the justifications discussed above, it is clear that in economic terms, neither Spain nor Portugal had viable options outside EEC membership. However, the extent varied to which the two

countries were **demandeurs**. Spanish negotiators perceived Spain to be less a **demandeur** than a potential equal partner, and behaved accordingly. Portuguese negotiators were under no such illusions: they recognized their weak bargaining position from the beginning, and sought to exploit it.

Spain's relative economic dynamism, size and strength guaranteed its survival with or without membership, although less prosperously in the long-run in the latter case. For Spain, membership was seen in terms of **ambition, optimism, and opportunity**. The new political elite wished their country to regain not only its rightful place in the "European fold", but to maximize its new position to become a **major voice** on the European stage, thus exerting influence on the global agenda. The political implications of this orientation are obvious. Membership was thus seen as a necessary, but not a sufficient, condition for Spanish foreign and domestic policy objectives.⁵⁵ Spanish negotiators were also well aware that **non-membership also entailed opportunity costs to the Community**. Spanish negotiators recognized the link between their country's trade dependence, and the Community's ambitions to include Spanish markets. They used it to assert their existing integration with the EEC. The EEC required Spanish markets to create the conditions to compete effectively as a single market against the United States and Japan. Hence Spain's assertive approach, as seen in **Chapter 6**.

For Portugal, however, the picture was very different. For various reasons, Portugal's political economy was severely dysfunctional on many levels.⁵⁶ Its internal weaknesses and trade dependence, taken together, weakened her negotiators' bargaining strength. The "policy drift" from which the governments suffered exacerbated its weak position. In economic terms, the country had little to offer the Communi-

ty aside from costs. In foreign policy terms, too, Portugal appeared to have no other focus after the loss of its colonies. Portuguese negotiators thus saw themselves as **supplicants**, and perceived/wished that the Community would behave charitably toward them. This attitude required that they portray their country's situation in pessimistic terms, and portray the Community as the only possible "saviour" for their ills. This fits in well with the culture's **sebastianist** leanings. Thus, it was not unusual to hear Portuguese participants in the process note that "the EEC is our only hope".⁵⁷ Such an attitude seeks to exploit weakness, making any unaccommodative move on the other side's part appear disproportionately unfair. To some extent this attitude worked. However, by continually denigrating their country's importance, and by their inability to embark on the major reforms necessary, they fell into a different trap. They so convinced the Community of their country's unimportance, that it treated Portugal more as an afterthought than as a partner at the bargaining table.

ii. Community attitudes

As noted earlier, the Community's attitude was conditioned by the behaviour and attitudes of its constituent parts. This was fragmented according to specific interests.⁵⁸

The French government held the most ambivalent attitude toward the third enlargement for various reasons, with negative arguments outweighing the positive until the end of negotiations. The shift in "political gravity" from north to south portended a favourable "Latin redress" to traditional "northern hegemony" of the Community. This shift obviously presupposed French aspirations to leadership of the Community. Opening Spain's industrial frontiers also attracted French industrialists. However, several considerations impeded these attractions,

giving rise to the ambivalence.

Firstly, the French electoral cycles (1978, 1979 [EP], 1981) made the enlargement negotiations a political football to be kicked about by politicians seeking to satisfy their constituents -- particularly in rural areas. The French political parties with strong rural constituencies accordingly expressed ambivalence toward enlargement, which was not overcome until 1984. Secondly, as host to the largest number of Spanish and Portuguese emigrants, France had very legitimate labour concerns to address in the enlargement. Thirdly, Spanish agricultural exports definitely threatened many French agricultural interests at the weak (Mediterranean) end of the CAP, and both Giscard d'Estaing's and Mitterrand's governments saw the opportunity to enhance their farmers' positions at the expense of Spain. Traditional French post-colonial trade interests in the Maghreb were also threatened by Spanish agriculture. Fourthly, traditional Franco-Spanish rivalries and Spanish gestures of independence left room to doubt Spain's willingness to accept French leadership and representation of Spanish interests in the Community. Thus French ambivalence was a major determinant of the Council's, and thus the Community's position.

While Italy shared French agricultural worries, they were not allowed to dominate the Italian agenda for enlargement. The Italian political parties unanimously favoured enlargement, thus overruling any strongly negative farming interest. Moreover, with France fighting almost single-handedly for Mediterranean farming interests, Italian officials could reap the benefits of French efforts without the political costs. This is not to say that Italy never defended her farming interests -- officials did, but in very specific areas, not in a general sense as France did. Thirdly, Italy also shared British and West German anxieties regarding Mediterranean security and political stabi-

* A further British consideration arose over bilateral relations with Spain regarding Gibraltar. European Community officials treated Spanish claims to sovereignty over the Rock as a bilateral issue; provided that both Spain and Britain allowed Community rules to prevail with respect to the Rock, the Community would not be involved. The extent to which the Gibraltar issue was an obstacle to negotiations is difficult to assess, as neither British nor Spanish officials interviewed were willing to make a statement on such a sensitive issue. There is some evidence that neither state was willing to be too obstructive on the issue, as Chapter 6 indicates.

§ See G. Hills, (1974); G. Minet et al. (1981).

lity. Thus Italy's attitude was unambiguously favourable.

Greece was a late starter in third enlargement positional struggles. However, the Prime Minister Papandreou's government adopted a manipulative attitude toward the third enlargement. The Papandreou government sought to extract special concessions for its less developed "Mediterranean" economic structures, and used the resulting PIM as a means both to enhance Greek interests, and to protect Greece from Spanish agriculture. France and Italy also insisted on inclusion in the PIM for the same reasons. Thus Greek attitudes were neither negative nor ambivalent: they were **exploitative**.

Great Britain had few economic anxieties with regard to enlargement: British markets and economic sectors were not greatly affected. Thus Britain could endorse Iberian accession. However, British worries over the size and direction of the Community budget did affect the enlargement. This was tied to the issues of British contributions, and control of CAP expenditure.⁵⁹ Prime Minister Thatcher's government made the resolution of the first contingent on agreement to enlargement.⁶⁰ The latter issue was allowed to slide. Britain also emphasized the "security argument" along with Italy and West Germany.*

West German considerations concerned the security argument, and also its position as the economic hegemon and paymaster of the Community. The security produced by military, political and economic stability were worth the increased cost Iberian enlargement portended, as long as these went along West German terms, e.g., did not threaten her northern CAP interests. Iberian accession did not threaten German interests, and as noted above, the issue of CAP reform (meaning reform of northern regimes) was allowed to slip until after Spain and Portugal acceded. The markets West Germany gained also outweighed fractionally increased costs. However, West Germany, like France, was cautious

* Three further considerations involved the Community's trade with the rest of the world, and should be mentioned although they lie outside the scope of this thesis. These concern EFTA, the USA and the Mediterranean non-member states (especially the Maghreb countries). Portugal's departure from EFTA reduced EFTA's membership to six states, and its population reduced to one tenth that of the EEC. The loss of population occurred with the benefit of raising EFTA's per capita GNP, because Portugal's departure made EFTA more economically homogeneous, while at the same time making the EEC more heterogeneous. The third enlargement again changed EFTA's relationship with the EEC, and raised questions about the wisdom of EFTA maintaining their independence from the Community. The Community was aware of this problem, and it may have complicated some industrial negotiations during the detail phase. The United States generally favoured the enlargement as a support to democracy and also as an economic opportunity (mainly in the industrial sector). However, agriculture again presented difficulties to US trade interests. Spain and Portugal were significant importers of cereals, oilseeds, tobacco and cotton, and the United States was concerned that this should continue. The rules of the CAP, however, indicated otherwise. To some extent, Portugal and Spain were able to use the (lower) cost of US agricultural imports to their advantage during the final phase of negotiations. American officials made it clear to the Community that if enlargement meant trade discrimination and loss of markets (including citrus exports to the Nine), then serious trade disputes would arise. More the Mediterranean basin, especially the North African Maghreb countries, the enlargement posed a serious threat to their export markets, industrialization plans, labour force and development plans. Turkey and the Maghreb countries particularly oriented their development programs toward the EEC as a main customer in agriculture and industrial products. Their Mediterranean produce would have to compete against Spain and Portugal after enlargement, in a Community self-sufficient in virtually all foodstuffs. Their labour force, accustomed to using the Community as a "safety valve" would also encounter more difficulties. Furthermore, the Mediterranean basin countries were not satisfied with the package of Mediterranean agreements reached with the EEC during the 1970s, and pressed for revision. The Community was aware of all the problems, and also of the obligations its relationship with these countries involved. This further complicated negotiations.

§ See for example, A. Tóvias (1979); D. Swann (5th edn), (1988), pp. 20-21, 32, 296-310; T. Penrose and D. Rustow, (1981); D. Seers, C. Vaitos, (eds), (1982); D. Buyse, (1984b), *passim*; D. Buyse, (1985); R. H. Ginsberg and F. Gregory, F. Stack in J. Lodge (ed) (1983); J. A. Fralon, D. Buyse, (1979), pp. 203-11, 220-88.

about the labour issue: West Germany was Iberia's second largest European employer.

Of the smaller countries, the Republic of Ireland expressed two concerns: firstly, the removal of its privileged status as one of the poorest members of the Community, and secondly regarding the institutional implications of enlargement for decision- and policy-making.⁶¹ Ireland benefited greatly from EEC development funds, which Portuguese entry threatened. However, Ireland did not seek to block accession. The Benelux countries also expressed reticence regarding the institutional implications of the enlargement, and with Ireland encouraged the formation of the **Single European Act** (1986), to alleviate the foreseeable difficulties entailed.⁶² *

While the fragmentation in attitudes was understandable, it complicated and degraded the Commission's position as the Community's representative in negotiations. The Commission recognized Members' legitimate sectoral economic anxieties, but expressed the belief that the solution to these lay in deeper integration, rather than the intensification of individual positional interests. Nevertheless, the Council's *de facto* primacy forced the Commission to accommodate Members' positional interests, rather than Community interests, in its formulation of bargaining positions. The Commission sought to promote enlargement as a long-term good for the Community, worth temporary inconveniences. However, as **Chapters 6 and 7** demonstrate, Members' positional interests emphasized the short- rather than long-term difficulties of the Community. This created the Community's generally defensive attitude. In particular, France's ambiguous "pre-conditions" (*prealables*) cast doubt on the enlargement ever occurring at all.

The Community's defensiveness and ambivalence undermined its own standing. On one hand, the third enlargement represented the virtual

completion of the Rome Treaty's objectives of pan-European unity, and thus the success of the entire enterprise.⁶³ On the other hand, the short term difficulties envisaged made enlargement less worthwhile. But if the Community failed, by its own hand, to fulfil the promise of the Rome Treaty, it would also undermine the reason for its existence, making membership for existing Members less worthwhile. Furthermore, the Community had historically committed itself to admit **any** European country with the "correct" (pluralist democratic) regime through its resolutions, statements, the Birkelback Report, and Greece's admission. To enable some "young democracies" but not others to enter cast shadows on the Community's underlying ideals. To allow only "uncostly" states into the Community failed to improve this image. Moreover, if the Community was seen to be **unable** to admit new members as a result of its internal policy malaise (which betrayed the objectives of the Rome Treaty anyway), it cast doubt yet again on its viability as an organization, and thus on its survival. If the Council proved unable to resolve the issues on which it made enlargement contingent, preventing Iberia from acceding, it would undermin~~e~~ itself through its own manifest failure. In short, **not** to carry on with the enlargement negotiations, even at their nadir, represented a threat to the Community's own ideals, status and survival. The **detail phase** of the negotiations shows that the Council at last recognized the importance of these considerations, which gave it the incentive to bargain seriously with a view to concluding them.⁶⁴

X

4. SOME INTRODUCTORY REMARKS ON NEGOTIATION

As this thesis concerns negotiations, some consideration must be given to the conceptual and theoretical aspects embraced by the term "negotiation", as well as the reasons for engaging in negotiation. To some extent, the latter has been covered in the discussion regarding the significance of the third enlargement, and of justifications and attitudes. Often when discussing negotiations as complex as the third enlargement we lose sight of the reasons they began at all. It must be stressed firstly that in peacetime, governments do not decide to bargain unless they perceive that the resulting bargain will yield positive benefits on all sides. Secondly, it is quite clear that governments always put their own interests above those of their partners. As illustrated above, Spain and Portugal perceived definite benefits from enlargement, but the Council threatened these with its zero-sum defensiveness. The Community also perceived benefits, if only it could overcome its endemic policy and decisional weaknesses. However, discussion of interests does not convey a sense of the dynamic interaction between participants, nor can it show how the participants' attitudes alter during the process, or their success or failure at the bargaining table. To account for these aspects, the discussion must be organized around the concept of negotiation itself. It is to the theoretical and conceptual aspects of negotiation that we now turn.

CHAPTER TWO

THEORETICAL AND CONCEPTUAL CONSIDERATIONS

INTRODUCTION

As Zartman suggests, in negotiation the gulf between the theorist's elegant model and the practitioner's actual experience remains great.¹ This gulf exists because of the inherent difficulties involved in capturing, defining and operationalizing the concepts necessary to construct a useful theory of negotiation. The human behaviour involved does not lend itself easily to conceptual description, let alone prediction through testable rules and hypotheses. The rules theorists derive are often static and inflexible; human behaviour, particularly bargaining behaviour, is not. Theories are often simple; real-life negotiations are complex.

In their search for conditions, predictable behaviour and determinate outcomes, theorists encounter many pitfalls. Contemporary **studies of diplomacy** provide prescriptive principles for successful diplomacy; but while negotiation may involve diplomacy, we cannot define negotiation as diplomacy.² **Game theorists** concentrate on rational choice given fixed and known values and utilities, which produce deterministic

outcomes from static circumstances.³ But **negotiation is a process in which values change**. Economic theories of negotiation also suffer from determinacy, and create artificial, unreal concepts on which to base the notion of "rational choice".⁴ But negotiators do not refer to indifference curves or the like when deciding their positions and strategies. While **psychological theories** refer to realistic aspects of negotiation, they concentrate on the individual's role as paramount, rather than on the interactive process itself.⁵ Finally, among other problems, **process analysis** also elaborates determinate outcomes based on incremental convergence in bargaining behaviour -- but such convergence does not generally correspond to case histories of negotiations.⁶ None of these approaches adequately captures the complex, dynamic interaction which constitutes negotiation.⁷

Implicit in these criticisms is the notion that the existing theories cannot contend with the full array of complexity which the process encompasses. In this respect, Young's wish to study analytic theories "from the point of view of their ultimate application to real-world situations" remains unfulfilled.⁸ This is the reason why most theoretical discussion remains at an experimental, abstract level, and the attempts are few and sad which apply them. Their explanatory and predictive power remains low. In particular, for our purposes, theories of negotiation do not account for processes in which many parties participate. For example, existing literature on negotiation mentions little if anything about "collective entities" or negotiations involving many actors on one or more sides. In such scenarios, a common position must be created **between several actors**. Yet the EEC is a "collective entity", and multilateral negotiations are commonplace today. The problem of collectivity entity negotiations is mentioned only in passing.⁹

Nor do such theories deal with the idea of a twin track, parallel and contingent process, in which the success of one negotiation depends upon the success of another. These concepts are indeed complex: yet we find them both in a real occurrence: EEC negotiations with third parties. As Chapters 5 to 7 of this thesis show, the EEC's negotiations with third parties are inextricably intertwined with its internal negotiation/decision-making process.¹⁰ By extension, nor do they examine the predicament of the "third party" in such circumstances. This chapter offers some consideration of these problems. Above all, it seeks not to force the data in this thesis onto an arbitrary or unsuitable peg merely for the sake of theory.

By adopting a conceptual definition and identifying the basic characteristics of the negotiation process, we sacrifice theory for accuracy. This frank theoretical vacuum should not be viewed harshly, in light of the weakness of existing theories. Moreover, if systematically pursued, the descriptive form followed by this thesis may lend itself to the application of new, improved (and applicable) theories which combine all the complex aspects of the negotiation process.

Existing theories fail to grasp or apply a complete conceptual definition of negotiation. It is therefore the contention of this thesis that the negotiation process is best comprehended through examination the process and utilizing characteristics universal to it. In doing so, it adopts the approaches of Zartman, Berman, Fisher and Ury.¹¹

This chapter takes both Zartman's conceptual definition of negotiation and his characterization of the negotiation process as the reference points to apply to the third enlargement negotiations. After defining negotiation for this thesis, the basic assumptions of various competing theories and their weaknesses will be briefly summarized and discussed. Having discussed the diplomatic perspective, game the-

ory, economic, psychological and process theories, we will return to the chosen approach with special reference to the third enlargement.

Let us begin with **definition**. Zartman conceptually defines the negotiation process best for our purposes. It encompasses all relevant aspects of the process.

Negotiation is a process of two (or more) parties combining conflicting points of view into a single decision. It is a **positive sum** exercise, since by definition both parties prefer the agreed outcome to the status quo (i.e., to no agreement) or to any other mutually agreeable outcome. Both sides come off better in the agreement than in the absence of the agreement, or else they would not agree (a point that is theoretically true but may have some exceptions in reality and even some complications in theory in regard to threats). There are **fixed parties** and **flexible values**; a decision is made by **changing the parties' evaluation** of their values in such a way as to be able to combine them into a single package, by persuasion, coercion or force. In the process, the parties exercise a **threefold choice** (yes, no, maybe or keep on talking). Choice is neither numerical (the size of the parties does not matter to the outcome) nor hierarchical (parties are formally or procedurally equal and fixed). Both sides have **power over each other**. This latter characteristic is evident in two important ways: negotiation takes place when stalemate occurs or, otherwise stated, when a decision is impossible by other means, and hence when -- in some sense -- the parties have equal stalemating power; and negotiation is a **joint decision-making process** in which both parties are necessary to the decision or, otherwise stated, in which each party has veto power. In addition, the parties have **mixed motives**, so that it is impossible to speak of a winner and a loser as in a coalition, or of a pleader and a decider in a judication; both parties have reasons to agree and to disagree, to cooperate and to conflict, to concede and to compel.¹²

This serves as the basis of our discussion. It helps us to answer the conceptual question: how, or in what way, do we define the process called negotiation?¹³ But we must attempt more than a definition -- we must characterize the process, in order to understand by what means a conclusion occurs. Zartman characterizes the process of negotiation in simple terms. The characteristics he identifies in the process can

be discerned both in historical data and in the perceptions of its participants.

1. The negotiation process begins with a **diagnostic phase**, or "pre-negotiation" phase in which participants decide to negotiate.¹⁴
2. Once negotiations begin, they enter the **formula phase**, in a search for "joint referents" -- which will become the basic (agreed) principles around which a detailed agreement is built.¹⁵
3. Once a formula is agreed, negotiation turns to the **detail phase** in which the "nitty gritty" in hard facts and figures, are agreed.¹⁶

These concepts will be refined and elaborated below in Section 5. At that point, the process will be examined systematically with the above tools. For now, we must bear them in mind. We can use the flexibility they provide to highlight the weaknesses of current theories and approaches, to which we now turn.

1. DIPLOMACY

Some of our richest sources of information on negotiations come from diplomatic memoirs and practitioners guides to successful diplomacy.¹⁷ Accounts given in memoirs emphasize the role of diplomats and diplomacy in international negotiations. They give the impression that particular diplomats' roles and skills, at key points in negotiations, are essential to their success. The diplomat's major role remains by definition **communication** with the other side, and management of international relations such that the other side sees, appreciates and (hopefully) converts to the diplomat's government's views.¹⁸ Diplomatic guides to negotiation seek to enhance the diplomat's skills in communication, persuasion and "management" (manipulation) of others,

thus enhancing the success of diplomacy.¹⁹

Studies in this genre of negotiation convey a sense of the dynamics of interaction between participants to a negotiation -- a feature often absent from analytic theories. Classic works such as Machiavelli and de Felice, discuss the dynamic elements in terms of how the diplomat may act to move others. De Felice suggests manipulating the emotions of others, while Machiavelli suggests manipulating others' perceptions.²⁰ Their works are pithy, interesting and relevant, and utilize concepts any diplomat or negotiator would readily recognize today. However they do not enable us to define those concepts unambiguously. For example, while thought provoking, de Felice's remarks about flexibility do not render a concrete message as to whether a negotiator should mean what s/he says, or merely convincingly appear to do so. The skilled, experienced negotiator may know "how to sail with a contrary wind and to tack until one meets with a wind in the right direction," but the scholar cannot use the analogy fruitfully in systematic study.²¹ Numerous other examples could be used to further substantiate this point, from de Felice, Machiavelli, de Callieres, and others.

Some contemporary international relations theorists such as Morgenthau and Aron advocate diplomacy and seek to systematize diplomatic behaviour for scholarly study. Morgenthau, for example, discusses^{the} usefulness and necessity of diplomacy in the context of power, particularly with superpowers in mind. His discussion depends on assessing one's own and one's fellows' capabilities (power), both latent and actual, accurately.²² Power is itself a notoriously indefinable concept, and his discussion is unhelpful for the purposes of this thesis.²³ Aron discusses diplomatic behaviour in a similar manner, but attunes himself more to the perceptions and behaviour of governments without superpower status.²⁴ The power-political orientation is once again un-

helpful. Ikle examines negotiations through objectives specific to the topic negotiated, and the structure of issues contained therein.²⁵ He often uses concepts similar to de Felice , de Callieres and Machiavelli, but leaves them slightly less ill-defined, as in his caution to "refrain from flagrant lies".²⁶ Indeed, Ikle's discussion complements the definition of negotiation and the universal characteristics of the process as noted earlier, although he only discusses this implicitly.

But diplomacy and negotiation are not an identity. Certainly communication is an essential component of both diplomacy and negotiation, but this does not mean that only diplomats negotiate. Diplomats negotiate, but negotiation is not their sole brief. Nor are diplomats the sole bargaining parties used by governments in international negotiations. The advent of "specialists" and "experts" limits the diplomat's role severely, as does the tendency of heads of state and their ministers to negotiate themselves what in earlier centuries they would have left to their emissaries. Focusing solely on the diplomat's viewpoint, or professional diplomacy in an international negotiation, tells only part of the story. Furthermore, even the most sympathetic or dispassionate diplomat's viewpoint tends to concentrate on a single side of the process. Negotiation is an **interactive** exercise in which both/all sides attempt to move the other(s). One-sidedness dulls our sensitivities to the perceptions and (re)actions of the other side.

A final difficulty with diplomatic guides concerns their orientation. They speak to the diplomat, to practice, not to the scholar and to systematic analysis. Guides concern themselves with obtaining the desired result through certain actions; they do not focus on why and how the results should obtain from one set of actions and not another. They do not, in short, study negotiation, but diplomacy and its principles, using negotiation to define and to clarify diplomacy.²⁷

2. ANALYTIC THEORIES

Both strategic (game) theory and economic theories of bargaining belong to a broad category of deductive or analytic theories of negotiation. These seek to explain and predict the course of negotiations from variables determined at the outset. Specifically, they seek to explain why particular choices (decisions) **must** be made to obtain the predicted (and best or optimal) outcome. The determinism in this orientation is obvious. Yet whatever the defects, both strategic and economic theories of negotiation remain among the most developed in the search for a single theory. The subtle diversity between specific theories could never be adequately addressed in the short space of this chapter. However, it is instructive to examine their basic characteristics, strengths and weaknesses.

A. Game Theory

Game theory seeks to explain rational choices in bargaining, and the outcomes arising from rational choice, generally in zero-sum situations.²⁸ All elements are strictly defined: the concept of rationality, the conditions of choice, the level of knowledge, etc. By so doing, uncertainty is eliminated. Once everything is defined, solutions are (or can be) derived by constructing a matrix of possible choices and outcomes. The best choice must always be taken. In its most pure and abstract form, it turns "choice" into a matter of statistical calculation. Its very precision and narrowness eliminates much of its usefulness for real-world negotiations.

One of the most constraining aspects of game theory is its definition of the conditions under which "rational choice" obtains. Young defines "rational behaviour" using the following conditions:

1. The individual evaluates alternatives in his environment on the basis of his preferences among them;
2. his preference ordering is consistent and transitive;
3. he **always** chooses the preferred alternative.²⁹

This definition eliminates a "second best choice" and denies the bargainer the ability to change his mind.

All players are assumed to be equal. For game theory to work, players' values (preferences) must be fixed and unchangeable for the duration of the game. A further condition states that players must act (choose, decide) simultaneously. Furthermore, most game theory assumes that participants have **perfect knowledge** of their own and their opponent's values. If perfect knowledge cannot be obtained, bargainers play under conditions of **strategic interaction**, and (to continue the game) must devise a means of estimating their opponents' values and options. The estimation becomes subjective or arbitrary, and may change players' behaviour in such a manner as to take it outside the boundary of game theory application altogether.³⁰ Given these prerequisite conditions, a matrix of choices and outcomes can be constructed to show the outcome of each particular choice. From such a matrix, both sides can choose the (single) best solution.

This obviously produces an unreal situation unhelpful to discussing negotiation in many respects.³¹ Firstly, as such eminent game-theorists as Schelling and Rapoport admit, the above definition of rational behaviour is easily and often violated in real-world bargaining situations.³² A negotiator's first choice is not always his/her best choice; sometimes "irrational" behaviour is a good bargaining strategy.³³ Furthermore, the conception and constraint of fixed values and outcomes is incompatible with the concept of negotiation as a process

involving flexible values, and the participants' use of persuasion in efforts to change their opponents' values.³⁴ If values are flexible, so too must outcomes be. These would be "irrational" under game theoretic conditions. The implication that preferences can be measured (so that they can be put into a matrix), and arranged hierarchically is artificial. Negotiators must often contend with **conflicting values**, to which attaching numeric values or hierarchical arrangement is difficult or impossible. Indeed the cases studied in this thesis illustrate many examples of value conflict (southern versus northern farmers, budgetary constraints versus the development of the CAP or other EEC policies, reform versus status quo). The assumption that all bargainers are by definition equal is also unreal. Once again, the cases provided in this thesis illustrate **asymmetrical** bargaining situations. Indeed, the economic preponderance of the EEC makes it very difficult for it to negotiate with an "equal" partner -- few exist.

Secondly, negotiations are rarely conducted in conditions of perfect knowledge; indeed, if all parties to a negotiation did possess perfect knowledge, the **need** to negotiate would disappear, because the choice (and outcome) for each player would be obvious. Such determinism does not exist. If we accept that negotiation can occur in conditions of "strategic interaction" (imperfect knowledge), then players are forced to accept arbitrary assessments of each other's preferences and strategies.³⁵ But arbitrary value assessments may violate conditions of rational behaviour. In order to combat this problem, some scholars, such as Harsanyi, seek to create new conditions or rules, and by doing so develop still more synthetic bargaining situations.³⁶

Thirdly, game theory is static. Negotiation is a dynamic process. In game theory, actors act **simultaneously**. In a real-world situation, actors must also **respond** to each other, which implies at least some

sequential action. Game theory looks at moments frozen in time, and assumes that actors choose and act during these frozen moments. In order to convey a sense of negotiation rather than pure decision, the game would have to be replayed again and again according to each "new reality" produced by the previous play -- much in the way an American football game is played. But as Zartman notes, this mistakes repetitive strategy for interactive strategy.³⁷ In the former, there is no question of persuading the other side to change his values; in the latter, action orients towards changing the other side's values. If we used the repetitive strategy described above in the negotiations discussed in this thesis, we would be confronted with an enormous number of "games" to discuss, which would give us a very fragmented picture of a single, unified process.

The static nature and the idea of simultaneous action embraced by game theory enables the construction of the matrix described earlier. If a game theoretic matrix had to account for the time element of sequential action (and the flexible values it implies), it would have to be four-dimensional and therefore could not be constructed to enable players to decide their "moves". The two-dimensional matrix concept contains enough difficulties without adding dimensions. For example, the construction of a matrix becomes more difficult and complex as the number of applicable values or participants (or both) rises. The larger and more complex the matrix, the less likely it is that a participant will be able to construct, refer to and act upon it quickly or easily. It is unreal to conceive that negotiators would construct such complicated referents to determine their decisions and strategies.

B. Economic Theories of Bargaining

Several of the core assumptions of economic theories of bargaining disqualify them from serious consideration in this thesis.³⁸ In contrast to game theory, they account for non-zero sum (mixed motive) bargaining situations, and concentrate on expectations rather than certain knowledge. They also convey a sense of interaction, movement and dynamism through their emphasis on convergence/concession, which game theory cannot achieve. The implicit definition of "rational action" concerns the achievement of a Pareto optimal outcome, in which contextual factors are abstracted away for the sake of theoretical elegance.³⁹

Despite these advantages, economic theories suffer major drawbacks in application and in their basic assumptions. Firstly they assume bilateral monopoly -- that there are only two parties to negotiations, and only one issue about which a bargain can be struck.⁴⁰ Economic theories do not deny that negotiations in which more than two persons participate (**n-person** situations) can exist, but fail to deal adequately with the complexities introduced by such situations. Such negotiations are treated mainly as more complicated two-person interactions. They do not rely on the game theoretic need for "perfect knowledge", but opt for the concept of "expectations" of an opponent's behaviour instead. Nor do theorists in this area dogmatically insist on a "fixed" outcome. However, theoretical work in the area has not created outcomes other than those relying on a single utility function curve (i.e., a single "set" of expectations and actions of the players' behaviour) -- which smacks of the determinism they seek to avoid.⁴¹ The notion of imperfect knowledge is consistent with the notion of negotiation used in this thesis, however, but economic theories do not utilize it adequately because of their reliance on stable utility

(payoff) functions. Furthermore, the single issue being negotiated must be easily divisible -- such as money.⁴² But few items in negotiations **apart** from money are so easily fragmented: how, for example, is regional development in the Integrated Mediterranean Programmes to be divided? This limits the theories' application to this thesis.

Given its assumptions, and its nearly exclusive application to **wage negotiations**, it is unsurprising that this approach to bargaining theory finds few homes outside the one bargaining scenario. In fact such theories are tailored to the needs of wage negotiations and little else. This emphasis alone disqualifies it from consideration in this thesis.

But even if economic theories of bargaining did not rely so heavily on two-party, single-issue negotiations, other assumptions would make them unreal. The notion of a single utility function, fixed at the outset of negotiations, is admitted by its proponents to be excessively simplistic, yet they have no alternatives to propose.⁴³ Furthermore, the notion of "abstracting away contextual aspects" is unsatisfactory, because contextual aspects could directly affect utility functions. This calls into question the means by which utility functions are derived in the first place. They are based on abstract, difficult to operationalize notions such as "contract curves", "indifference curves" and Pareto Optimality which do not help us in our search for real-world conditions. It is unreal to suggest that negotiators refer to an "indifference curve" in order to decide when to concede, and when to hold firm.

3. PSYCHOLOGICAL APPROACHES

At least three branches distinguish themselves in this area of scholarship.⁴⁴ The first straightforwardly examines the psychological characteristics of the "good negotiator". This will be labelled **individual behaviour** in this thesis. The second examines **cognitive** dimensions of negotiation and decision-making; that is, receiving and processing information, learning and response behaviour. The **cybernetic** approach uses cognitive characteristics to advocate a thesis on self-equilibrating or self-correcting behaviour. Once again, while they attack problems left unresolved by other theories, they expose new difficulties. As noted earlier, they focus on the individual rather than the process. But the most serious of their difficulties is what this thesis terms the "black box effect" of processes crucial to the theories which cannot be measured or verified adequately: for they reside only in the human mind.

A. Individual Behaviour

This form of analysis addresses the same question as the diplomatic perspective discussed above: what makes a good negotiator? However, while Machiavelli and de Felice proposed to **teach** negotiators with aptitude, works in this area seek to isolate **specific personality traits** which make people good negotiators, asking whether specific personality traits fit specific types of negotiations. The implication of this approach is precisely that good negotiators are born, not taught, and that if we can match the trait to the type of negotiation, we may be able to identify automatically successful negotiators. Hence Nicolson's distinction between the "warrior" and the "shopkeeper".⁴⁵ Spector, on the other hand, seeks to create a much more complex and

nice identification by focusing on motivation, personality, perceptions and expectations, techniques of negotiating, contextual factors and interaction between participants.⁴⁶

The explicit assumption in these approaches is that **individuals matter most** to the outcome of negotiations. Furthermore, they focus on psychological traits indicated in individuals' decision-making in bargaining situations. But decision-making is not negotiation, and to focus on decision-making in any case cannot tell us how individuals come to a decision -- decision remains inside the black box. Finally, the concentration on the individual, not the process, distorts the study of negotiation, which is a process, not an individual.

B. Cognitive Approaches

This area of scholarship again concentrates on the individual, and **how individuals decide**, rather than how they negotiate. It emphasizes the individual's manner of receiving, processing and responding to information, using stimulus-response-feedback to organize data. Jervis, for example, examines how individuals manipulate one another's perceptions to influence each other's behaviour.⁴⁷ Shapiro and Bonham, on the other hand, produce "cognitive maps" to indicate how mental processes utilize the stimulus-response-feedback mechanism.⁴⁸

Conceptually, this is interesting and appealing, and can account for "irrational" or inconsistent behaviour, or bad decisions. It also gives us a sense of a dynamic process in which people seek to influence one another, which applies well to negotiation. They do not seek to provide rules for behaviour, but to understand how behaviour arises from information received and processed.

However, this is very difficult to verify satisfactorily. In or-

der to verify the manner in which individuals apply their decisions to a bargaining situation, each person involved in a negotiation would have to be studied intensively, probably using several different techniques, such as interviews and psychological experiments designed to cross-check data received from interviews. The introduction of experimental psychology to test real life situations produces difficulties with regard to adequate definition and application of terms and concepts used. Furthermore, this method of study raises practical research problems. The likelihood that a researcher would be able to study **all** the participants of a lengthy and many-headed negotiation such as the third enlargement process would indeed be small. This, of course, supposes that all the participants would be willing (or able) to lend themselves to such an investigation. A small negotiation, with a more limited time horizon and fewer participants would be more feasible to the researcher. Finally, while the concept of a "cognitive map" on which to base behaviour is appealing, it must be taken as an assumption rather than a testable hypothesis: it remains within the "black box" of the human mind.

C. Cybernetics

Cybernetics remains an interesting but conceptually underdeveloped field. It takes the cognitive assumptions given above and adds a further fundamental assumption: all human behaviour is self-correcting or self-equilibrating.⁴⁹ That is not to say that all human behaviour is rational -- in fact, it seeks to explain why and how rational people end up behaving irrationally, and the policy implications of such behaviour.⁵⁰ It is conceivable that this might be a reasonable explanation of "policy drift" when policy-makers perceive no obvious goal. In

other words, it appears to explain inconsistent behaviour when no reference point to direct it exists. However, negotiations, by definition, have a reference point; they do not drift aimlessly, even if they do not go the way their participants wish.

Negotiation does not involve simply receiving the other party's output and sending back his new input in return; if it did, there would be no way to apply the important cybernetic notion of equilibrium, no way to speak of hitting the target. Instead, each party's output has a complex, dual purpose: to bid and to persuade, to hit a target and to induce the other party to hit it too.⁵¹

Unfortunately, cybernetics relies heavily on definition by means of (non-human) analogy, which is unsatisfactory. Definitions which have little or no relation to human behaviour do not enable us to attain a clear idea as to how cybernetics operates for human interaction.⁵² In his attempt to define and apply cybernetics to human behaviour, Steinbruner often gets tangled in self-contradictory or abstruse, jargonistic language unhelpful to our understanding of the subject.⁵³ Finally, even this does not rid us of the "black box" -- for as difficult as it is to define cybernetics conceptually, it is even more difficult to operationalize and verify. Mental processes still remain obscure to our understanding.

4. CONCESSION/CONVERGENCE

This approach views negotiation as a learning process in which parties **respond** to one another's concessions.⁵⁴ Many scholars using it rely on economic theories of negotiation as their starting point. Siegel, Fouraker, and Cross, for example, deal with negotiations under conditions of bilateral monopoly. The emphasis on two-person, single-

issue negotiations disqualifies them from practical consideration in this thesis for reasons discussed earlier.⁵⁵ In contrast, Bartos modifies economic bargaining theory by imposing sociologist George Homans' theory of distributive justice as both a motivation to converge on an agreement and as a yardstick to measure the success of an agreement.⁵⁶ **Justice**, in this definition, is a universal collective good. The justice norm implicitly measures rational (individual) choice.

Bartos suggests that negotiators automatically seek to bargain so as to converge (gradually) midway between one another's preferred outcome. The justice norm guides concessions.⁵⁷ Because bargainers do not operate in conditions of perfect knowledge, they search for one another's most favoured objectives (payoffs) through "opening bids".⁵⁸ Information received from opening bids, and the responses to opening (and successive) bids enables players to estimate their opponent's position. From this information they decide upon an appropriate concession rate. Concessions are considered to be fair as long as players do not feel compelled to revise their individual expectations about the outcome of negotiation.⁵⁹ From the point opening bids occur, incremental concessions inform and inch players toward an agreement which is **exactly midway between their most favoured payoffs**. The outcome **must** be positive for all parties in order to fulfil the justice norm.

Bartos' model provides interesting vistas for negotiation theory. It is dynamic, and appears to account for some of the concepts covered by our conceptual definition in the introduction of this chapter. But Bartos' model fails to escape major difficulties which make its application to reality problematic.

Firstly, it assumes that negotiating parties have symmetrical strengths, and that outcomes (agreements) will be equally favourable to both parties. This symmetry cannot apply to the EEC, which can

rarely (if ever) find a negotiating partner of equal weight. Moreover, the outcomes of EEC negotiations with third parties do not always attain symmetry: witness the Community's agreements with ACP states, and its enlargement negotiations.⁶⁰ A third problem concerns assigning "payoff functions": the assignment of numeric values introduces an arbitrary element into proceedings and makes the concept itself questionable. How does one define for the real world, and assign numeric values to "concession rates"? Fourthly, the determinacy of "concession rates" also presents difficulties, as it leaves no room for bargainers to use skill, tactics and power.⁶¹ Fifthly, emphasis on a two-person, single bargain portends difficulties similar to those in economic theories for more complex negotiations. How would it begin to untangle the complexities of inter- and intra- EEC contingent negotiations involving twelve players and hundreds of issues? Finally, the notion of **incremental concessions** does not appear to apply readily to reality, outside a few specific instances such as wage negotiations. Zartman notes the tendency for international negotiations to proceed at an uneven pace, often with great leaps at the end of the process.⁶² The third enlargement negotiations confirm this tendency: the major concessions in the most important and sensitive chapters (industry and agriculture) were made in the last few months of a seven year process.

5. DESCRIPTIVE PROCESS

The preceding discussion demonstrates the theoretical difficulties facing any analysis of negotiation: no convincing or successful paradigm exists for use in the real world. Instead, the scholar is faced with a wealth of abstract, incomplete competing paradigms, each of

which addresses different specific aspects of the process as a whole. The very simplicity and parsimony of current deductive theories prevents them from addressing the range and complexity of human action embraced by the word negotiation. Inductive psychological theories have the virtue of greater complexity, but at the expense of conceptual and definitional precision. This leads to difficulties over operationalization and verification. They also concentrate on the individual's behaviour rather than the **process** as a whole. Overall, none of the approaches fully addresses the definition given by Zartman at the beginning of this chapter, because they concentrate on fragmented decisional aspects of a process which encompasses more than decision.

Rather than a matter of convergence through incremental concessions from specific positions, **negotiation is a matter of finding the proper formula and implementing detail**. Above all, negotiators seek a general definition of the items under discussion, conceived and grouped in such a way as to be susceptible of joint agreement under a common notion of justice. Once agreement on a formula is achieved, it is possible to turn to the specifics of items and to exchange proposals, concessions and agreements. Even then, details are resolved most frequently in terms of the referents which justify them and give them value rather than in their own intrinsic values. This means that convergence does not take place by inching from fixed positions toward a middle, but rather by establishing a referent principle from which the value of the detailed item will be derived.⁶³

Given the limited success of these approaches, a descriptive characterization of the **process** which includes our conceptual definition seems a better alternative. It enables us to study both decisional and contextual factors without sacrificing details for theoretical consistency. The approach has several advantages. Firstly, it shows the lack of determinism inherent in the process, which analytic theories force upon us. There is always a wide range of choice in outcomes. Secondly, we can combine some analytic and psychological concepts, such as concession/convergence and use them to guide further

study. Thirdly, the descriptive process approach offers both the practitioner and the scholar prescriptive and rigorous analysis -- without compromising quality for either, or making the conceptualization of negotiation unintelligible to either. Fourthly, we can evaluate or judge the outcome of the process in terms of realistic values, without being compelled to satisfy theoretical consistency. Finally, it can be used to study the use of **power** in negotiation.⁶⁴

Utilizing the definition given in the introduction to this chapter, we will now proceed to discuss the phases of negotiation with specific reference to the third enlargement.

A. The Prenegotiation Phase: Recognizing Opportunities

Obviously, for negotiations to begin, the participants must feel the need to engage in the process in the first place. Given that by definition negotiation is a process in which all parties perceive that an agreement is better than no agreement at all, there must be an identifiable point or period in time in which they are seen to do this. Zartman and Berman note six opportunities which make negotiations worthwhile: to make new decisions, to create a new order, to seize on change, to overcome the double veto, to create new outcomes, and to set the terms of trade.⁶⁵

i. to make new decisions

Negotiation is appropriate when there is neither authority nor majority but when unanimity is the decision rule....

Negotiation is appropriate when new solutions have to be invented to replace unacceptable old ones or new ones have to be created when problems arise.⁶⁶

Certainly, the EEC, Spain and Portugal found themselves in this position. As shown in Chapters 5 to 7, the EEC was faced with internal crises which old solutions could not solve. Furthermore, their mode of decision-making (called negotiation/decision-making in this thesis) made unanimity the rule, not the exception. Spain and Portugal sought to attain new solutions^{to}, present economic, trade and development problems through integration. This in turn catalysed the EEC's internal attempts at reform. In any international negotiation, unanimity is the rule. Unfortunately, the Community never escaped its old mode of negotiation/decision during the process.

ii. and iii. to create a new order and to seize on change

Negotiation is appropriate when there is a change in the structure of affairs and a new order must be created or problems managed in its absence.⁶⁷

Negotiation is appropriate when propitious changes have taken place.⁶⁸

The collapse of dictatorship in Mediterranean Europe has been greatly remarked upon in political and historical literature covering the 1970s period.⁶⁹ The demise of these regimes, particularly the long-standing Portuguese and Spanish dictatorships, suddenly changed the political complexion of Europe, and granted new (political and economic) opportunities for both sides. Spain and Portugal had previously been denied access to the EEC because of the nature of their political regimes.⁷⁰ ^{Solutions to} the problems of their trade dependence on the EEC, and the benefits of political legitimacy which membership would confer upon them, seemed within their grasp. For the EEC, the enlarged markets would provide good outlets for industrial goods (especially with Spain in mind). Moreover, with the change of political regimes along the southern flank of Europe, it suddenly appeared that politi-

cal instability, in the turbulent 1970s, could threaten the core of the EEC (and NATO). To uphold the new democracies would provide political and military security for the EEC Members which also belonged to NATO. Finally, the inclusion of more southern regions in the Community would necessitate changes to account for their different structures: the (northern oriented) weight of the existing members would become more balanced by the (southern) weight of the new. This required the transformation of some existing regimes and the creation of new ones, such as the Integrated Mediterranean Programmes.

iv. to overcome the double veto

Negotiation is appropriate when all parties to the dispute have a veto over its solution.⁷¹

When parties seek to resolve an international issue, or create an international regime, all states must be accorded the power of veto. This is a condition of sovereignty. The problems created by the EEC's attempt at a "global" Mediterranean Policy antagonized Spain in particular. The Spanish government of the period perceived that the EEC was unwilling to be "fair" or "reciprocal" with regard to an agreement, and would not consent to the agreement the EEC offered them. Yet they pursued negotiation, and gradually changed their orientation from a strict trade agreement to the necessity of accession.⁷²

v. to create new outcomes

Negotiations are appropriate when they deal with a new outcome that can be created only jointly.⁷³

For the EEC, the third enlargement helped to solve part of the problem surrounding the "Global Mediterranean Policy".⁷⁴ It also created new problems, mainly over distributional issues. For Spain and



Portugal, negotiation for accession guaranteed that they would at last have a say in a trading bloc upon which their economies were highly dependent, and which had proved impervious to their efforts at gaining favourable trading terms. For that if nothing else accession was perceived to be worthwhile.⁷⁵

vi. to set the terms of trade

Negotiations are also appropriate when they deal with an exchange of outcomes that can only be decided upon jointly.⁷⁶

The EEC was particularly interested in gaining unrestricted access to (mainly Spanish) markets, both to produce and to sell. Spain and Portugal were interested in gaining reciprocal concessions for access, after what they considered to be unsatisfactory agreements, or unsatisfactory changes to them. The only means of setting new terms of trade between the three parties was to negotiate: and Spain and Portugal dictated that the negotiation had to be about accession.⁷⁷

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Once participants judge the climate an opportune one in which to open negotiations, two other sets of factors become important. The first are **necessary and sufficient conditions** in which negotiations begin, and which help to identify and isolate the important issues to be negotiated.⁷⁸ A second set of factors involves participants **creating opportunities**, showing their willingness to face issues and create solutions satisfactory for all.⁷⁹

vii. necessary and sufficient conditions

If not acted upon, opportunities cannot in themselves create the negotiation process. Above all a necessary condition for negotiations

to begin is **will**. Unless all parties wish to negotiate, or to open negotiations at all, the enterprise will fail. The reason for Britain's failure in her first application to enter the European Community was precisely General de Gaulle's opposition to it.⁸⁰ Similarly, the European Community rejected both the Spanish and Portuguese first applications because of the nature of their authoritarian regimes: the Community is a club of democracies, it had no wish to legitimise dictatorships by approving entry.⁸¹ Giscard d'Estaing's famous pre-electoral speech of 5 June 1980, and subsequent French actions, demonstrated French ambivalence (will) toward the third enlargement.⁸²

Secondly, all parties must **perceive** that negotiation is necessary and will bring out a better situation. "Probably the first condition is realization that the situation is unacceptable, either because it is intolerably costly, or because, intolerable or not, it **can be improved**."⁸³

Finally, all parties must recognize that some form of equality exists between them in certain respects. The existence of veto power on all sides is one form of equality. Another form of equality refers to judgements of legitimacy which negotiating partners often seek to deny each other. All parties **must** accept one another's participation, **and** one another's claim to the benefits yielded by negotiation. Otherwise, the reason to negotiate disappears.⁸⁴ The EEC's defensive posture made this latter aspect difficult to implement: eventually, the only way that Spain in particular gained recognition of the claim to benefits of negotiation was to use threats.⁸⁵

viii. creating opportunities

The decision to negotiate is seen both as a claim to participate in the solution of the issue, which is not recognized by the non-negotiator, and as a sign

of weakness, since the negotiator is now willing to compromise. It is against such renewed obstacles that one party must try to create or reinforce the conditions that justify negotiation in the other's eyes.⁸⁶

This portion of the prenegotiation phase slides into the formula phase. It demonstrates both willingness to negotiate (not allowing obstacles to obscure solutions), and a means of arriving at a formula.

Firstly, players must be willing and flexible enough to **create new solutions** to problems raised by negotiations. Such flexibility, illustrated by suggesting reciprocal exchanges, sidepayments or compensation can move partners and avoid potential stalemates.⁸⁷ Showing that joint action can create new benefits also encourages negotiation. Finally, displays of empathy for the other side's problems can help to promote fruitful discussion.⁸⁸ Spanish negotiators used these tactics in hopes of motivating the EEC to discuss substantive agricultural (and industrial) issues seriously. Spain particularly requested to be included in the Community's internal reform discussions to help create coherent reforms applicable without prejudice to a twelve-member EEC.⁸⁹ However the Community had no institutionalized mechanism to enable this, nor, it appears, did it wish to concede the equality implied by such an action.

A second (negative) means of creating negotiation opportunities is to convince the other side of the unacceptable alternatives if an agreement does not occur. This is similar to Schelling's and Ikle's use of threats and warnings, but during an earlier phase of negotiations.⁹⁰ Neither Spain nor Portugal used these tactics until negotiations stagnated for some time. This will be discussed below.

Finally, an outside party may facilitate negotiations by pressuring parties to begin. This is particularly the case in armed conflict, in which the good offices of a neutral or superpower state are

used. The third enlargement did not utilize this tactic.

The discussion above illustrates that we can apply Zartman's descriptive process to the opening of negotiations. In particular, we can see Spain and the European Commission identifying the substantive issues to be discussed **before** talks opened formally. The real difficulties occurred during the formula phase, discussed below.

B. The Formula Phase

During the formula phase of negotiation, players seek to establish general referents -- "principles of justice" to which they all agree. Fisher and Ury call this "principled negotiation".⁹¹ The formula can be agreed **inductively**, in a piecemeal fashion on specific terms, as it occurred in the third enlargement; or it can occur **deductively**, by establishing general principles with which details must be consistent.⁹² Fisher and Ury prefer the deductive approach, because it avoids "positional" struggles more readily.⁹³ However desirable it may be, the deductive approach poses difficulties in complex and controversial negotiations such as the third enlargement.

The third enlargement displays a basic tension between the two approaches, operating until the end of 1983, when all participants adopted the inductive piecemeal formula, mainly by default. Both the Commission and Spain sought, in the early years of negotiation, to attain a deductive "principled" formula which would achieve the desired internal reforms necessary for the EEC, and also recognize some principles of equality (such as reciprocity). However, the Council achieved few principled agreements on controversial issues such as agricultural policy reform.⁹⁴ Principled agreement within the Council was impossible because of three factors: (a) the contingent nature of

EEC reform and enlargement; (b) the existence of entrenched **status quo** interests; and (c) positional play between some members -- particularly though not exclusively France, Italy and Greece. This prevented it from adopting anything other than "piecemeal positions", and consequently reduced the Commission to making piecemeal proposals to the Council. Spanish attempts to break into the Community's internal reform discussions to provide creative solutions also failed.⁹⁵

Although the piecemeal approach was eventually accepted, both Spain and Portugal were forced to defend their right to an agreement which, if not precisely equal in benefits and costs apportioned to both sides, contained an element of **justice**. As chapters 6 and 7 show, the applicants strove to attain meaningful concessions. If they were to enter, accession had not to be worse than non-accession.⁹⁶ Spain sought to establish an agreement based on **equality**: which would favour its competitive sectors yet protect its weak sectors in directly linked trade-offs. Portugal, overall, sought a **compensatory** agreement which would enable it to reconstruct its feeble economy.⁹⁷ The European Community opted for **partial justice** (a "just" solution according to its own defensive criteria), but gave in (eventually) on some issues of great importance to Spain and Portugal.

Even before the piecemeal approach was adopted, the momentum of negotiations increased. During the lengthy formula phase, various **tactics** became discernible. Firstly, by late 1983 Spain and Portugal, frustrated at the delays caused by the EEC, publicly discussed the alternatives to accession. They began to consider their "best available alternative to no agreement" (BATNA) or "fallback position".⁹⁸

Their attitude showed the Community that their position as **demandeurs** had limits -- particularly in relation to the Community's defensive postures, delaying tactics and inability (or unwillingness) to

engage^{age} in reform. Representatives from both countries perceived the Community's attitude to be at least obstructive, if not abusive. Other tactics, used later in 1984/5 when important details were agreed, included "constructive ambiguity" (fudging the issue), and sidepayments.⁹⁹ The 1984 Dublin wine agreement illustrates the first, and the introduction of the Integrated Mediterranean Programmes (PIM) the second.¹⁰⁰

Finally, because the formula phase dragged on for so long, and generated such frustration in the applicants, individual Members' representatives were forced repeatedly to demonstrate their (symbolic) support of the enlargement process. They did so by visiting Madrid and Lisbon, by making speeches to that effect, and by reaffirming verbally (if not by action) their seriousness. In this respect, by late 1983, France found herself isolated by her own ambivalent position. France's position changed with her Presidency of the Council (1984).

C. The Detail Phase

This phase lasted only about fifteen months, including three leading up to the signature of the Accession Treaty. The "endgame" of the detail phase roughly corresponded to the second "point of no return" in the negotiations -- after the 30 September 1984 deadline expired -- in which **none** of the participants wished, after so much effort, to see the opportunity for agreement slip away.¹⁰¹ This is not to say that individual players ceased to consider positional goals. They continued to do so, but **they also committed themselves to the expected agreement**. The "point of no return" becomes a tricky period if one or more players wishes to "hold up" the others by suddenly imposing new demands or problems. In fact, this occurred when France and Greece de-

manded extra concessions literally at the last minute in the negotiations. At that point, rather than allow the entire enterprise to collapse, the applicants (and the existing Members) agreed for the sake of agreement on further modifications to the Mediterranean regimes -- fudging the issue. The applicants, one suspects, correctly calculated that, once **inside** the Community, they could resurrect old battles if needed. In the case of wine, this has indeed occurred.¹⁰² Unresolved issues, such as exact sums of aid monies available to Spain, were resolved ambiguously in "declarations" and "protocols" in the accession treaty.

Many details on which agreement did not occur were swept under the carpet, in the expectation that a twelve member Community would resolve them.¹⁰³ In effect, many of the fundamental difficulties which plagued the Community before the enlargement, and the reform process which the impending enlargement catalysed, were left unaddressed.

6. CONCLUSION

To summarize, this chapter has addressed the theoretical and conceptual problems of negotiations generally, and those between single states and collective entities in particular. **Existing theories** are unable to contend with all of the complex aspects encompassed by the concept negotiation, and so their descriptive and predictive powers fail. In addition, it has been shown that existing theories cannot contend with the additional complexities created by negotiations involving collective entities of sovereign states, such as the EEC. This makes existing theories of negotiation irrelevant for the purpose of the discussion in this thesis.

This is the reason why the **descriptive process** is used to organize the data presented in this thesis. It provides a useful **definition** of a complex interaction, negotiation. It also enables us to **divide the process into distinct phases** (pre-negotiation, formula, detail), in which different bargaining activities can be discerned and examined. This in turn enables us to **evaluate** a set of negotiations according to non-deterministic criteria, which can combine both analytic and psychological aspects relevant to negotiation. It has been argued that the descriptive process used in this thesis provides a better conceptual basis for studying the third enlargement negotiations than any of the competing theories here discussed.

The preceding discussion provides a systematic framework within which the third enlargement may be examined. However, this discussion of the bargaining process would be incomplete if we failed to account for the internal dynamics and constraints which conditioned the participants' behaviour at the table. Chapters 3 to 5 show^{that} the internal conditions in which the participants operated had an enormous impact on their means, and ability, to negotiate. It is to this we now turn.

CHAPTER THREE

THE SPANISH CASE

INTRODUCTION

What were the domestic factors conditioning Spanish negotiating behaviour on the agriculture chapter? From the discussion in **Chapters 1 and 2** it is evident that specific economic motivations dominated Spain's desire to accede, and that political considerations held a more minor role. But clear economic planning and goals are required for economic considerations to provide an effective basis for negotiations. Otherwise substantive bargaining positions do not arise, as in the Portuguese case.¹ This in turn required an adequate, reliable institutional basis to **articulate** and **implement** the plans and goals. Spain also required an agricultural economy sufficiently robust and dynamic to respond to and withstand any structural adjustments the **acquis communautaire** required.

Spain possessed the institutional and planning requisites to produce sound bargaining positions. These conditions enabled them to negotiate seriously and assertively from the start. With regard to the robustness of its agricultural economy, Spain's strength in "southern"

agriculture is well known, and was the source of most contention in the negotiations. However, its "northern" products were decidedly weak. This rendered an asymmetrical position for bargaining purposes: to have a weak northern sector, full of structural deficiencies, placed Spanish agricultural negotiations at the mercy of the EEC, because of the Community's strengths and enormous surpluses in those sectors. As this chapter makes clear, in institutional and economic terms, Spanish negotiators were well prepared in their briefs. This made them very clear about the fact that they wished to be treated as equal partners in the negotiations. However, despite their laudable efforts, Spain's bargaining position remained weak, because of the EEC's refusal or inability to recognize the legitimacy of Spanish interests at the bargaining table. While Spanish negotiators insisted on equality, the Community clung to its notions of partial justice, producing dubious reservations about the potential of various sectors of Spanish agriculture. At times it appeared that the Community deliberately misinterpreted Spanish agriculture's potential in order to advance inflexible positions at Spain's expense. 4

This chapter identifies internal structural factors conditioning Spain's side of negotiations in agriculture, and relates them to negotiation postures and behaviour. It indicates the lack of institutional constraints for the government and its negotiators, and their relative autonomy to pursue Spanish objectives. This compares starkly with the "policy drift" in Portugal, and the decisional immobility in the EEC Council of Ministers.² Firstly, the institutional structure of the government is examined, showing the few constraints under which Spanish negotiators operated. This covers constitutional provisions, the roles of key ministries in the negotiations and policy-making, and the organ designated to undertake the negotiations, the Secretaria de

Estado para las Relaciones con las Comunidades Europeas (La Trinidad). These structures are then related to the government's **ability to negotiate effectively**. The second portion examines the position of Spanish agriculture in the economy as a whole, addressing controversies regarding production potential, effectiveness of intervention, and "sensitive sectors" for both Spain and the EEC. Finally, the concluding portion of the chapter relates the preceeding discussion to Spanish bargaining positions.

1. INSTITUTIONAL STRUCTURE

A brief discussion of the institutional structure of government in Spain makes the new democracy's European orientation clear. The provisions of the 1977 constitution, particularly concerning the monarch, self-consciously orient the country toward Europe.³ For the purposes of international negotiation, its provisions give the government a large measure of autonomy by limiting the Cortes Generales' influence via restricting its ability to debate international relations. The structure and operations of the ministries vital to negotiations did not change between the **ancien regime** and the new one, hence their centralization of authority.⁴ As shown below, these factors combined to enable Spanish negotiators maximum autonomy and minimum bureaucratic friction in their negotiations with the EEC.

A. Government

An understanding of Spain's institutional structures indicates **how** the policy is made, the **persons** and **structures** involved, and **when** they

are involved. A detailed explanation of the Spanish government itself is not needed; the concentration here is on the the general structure of government.

In general, the institutions of Spanish government resemble other constitutional monarchies in Western Europe. Of particular interest are the rights and obligations of the Crown, the Parliament (Cortes Generales) and the Executive (the Government), and also the relations between the Cortes Generales and the Government, which are covered in Titles II, III, and IV of the Constitution. The constitution recognized the excesses of the *ancien regime* by emphasizing the limitation of arbitrary executive powers, and securing basic political and civil rights. Unlike the Portuguese constitution, there are no specific provisions for the economic organization of Spanish society.⁵ The King, as the symbolic head of the Spanish state, has duties similar to those of Her Britannic Majesty, but in contrast to Britain, they are enumerated in the Constitution. As with other constitutional provisions, his rights and duties were outlined with EEC accession in mind, for example in Article 56.1:

The King is the Head of State, the symbol of its unity and permanence. He arbitrates and moderates the regular workings of the institutions, **assumes the highest representation of the Spanish state in international relations, especially with those nations belonging to the same historic community,** and performs the functions expressly conferred upon him by the Constitution and by the law.

King Juan Carlos exercised this prerogative before, during and after the constitution was written.⁶ Thus the mention of an "historic community" can be interpreted as a reference to Europe, as can the King's role in promoting relations between the European Community and Spain during the early years of his reign.

The Monarch's relations with the government and the Cortes Genera-

les are covered in Articles 62, 63 and 64 of the Constitution. Among other things, Article 62 enumerates the Monarch's duties to call constitutional elections and referenda, remain "informed regarding affairs of state and, for this purpose, to preside over the meetings of the Council of Ministers [cabinet] whenever he deems appropriate, at the request of the Government."⁷ Articles 63 and 64 provide for the Royal assent to all international treaty commitments and acts, and a safeguard clause requiring their countersignature by the President (Prime Minister) and his cabinet.⁸ Thus the King could, if he wished, play a **political role** in his position as symbol of the Spanish state. He actively utilized his constitutional prerogative from the moment of his ascent to the throne to promote Spanish entry into the EEC.

Title III of the constitution discusses the role, rights and obligations of the Cortes Generales. Articles 75, 76, and 93 are of interest for our purposes. Article 75 stipulates the Cortes' **right** to debate Governmental and non-Governmental bills. But constitutional reform, international affairs, organic and basic laws, and the General State budget are **excluded** from plenary debate.⁹ **This effectively restricted debate about the accession negotiations, except through procedural artifice.** This assumption is borne out by the negligible evidence of Spanish plenary parliamentary activity manifested in newspapers, periodicals, and even the books published about the accession negotiations.¹⁰ The lead negotiating department was La Trinidad, operating under the direction of the Minister of Foreign Affairs, emphasizing the **international** character of accession. As the accession negotiations not only concerned domestic economic but international relations, the Cortes Generales were unable to raise major plenary debates **during** the negotiations themselves, unless pinned to specific domestic economic issues. Discussion on international relations by

the Cortes Generales is not totally forbidden, but allowed in a manner which restricts public mobilization. Either or both the Congress of Deputies and the Senate,

...may appoint fact-finding committees on any matter of public interest. These conclusions shall not be binding on the Courts, nor shall they affect judicial decisions....¹¹

Furthermore, "it shall be compulsory to appear when summoned by the Houses."¹²

The Cortes Generales' limited impact on the accession negotiations was a direct result of these constitutional limitations. Precluded from debating them in plenary sessions, except at "question time", they were deprived of the ability to mobilize mass support regarding any of the major accession controversies. Limited political debate in the Cortes limited public exposure to contentious issues in the political arena. While committees could discuss such controversies, they would not be able to mobilize enough public support to create the political pressure necessary to have a decisive impact on Spain's negotiating posture. The Cortes' right of information, provided in Article 109, would be of little use in terms of parliamentary lobbying action. Two conclusions arise from this: firstly, that it was difficult for the Cortes to mobilize public opinion in order to engage actively in the formulation of negotiating postures; and secondly it follows that the influence of the Cortes Generales on negotiation postures for accession was low.¹³

The limited impact on the Cortes of the Government's policy-making and bargaining postures in accession gave the Government's negotiators great autonomy during the long negotiation process. They did not have to consider themselves answerable to embarrassing public debate about accession controversies. The Cortes' role was insignificant until the

debate on the finalized treaty provisions occurred in the summer of 1985, and at that point the only influence the Cortes could have exercised would have been negative and self-damaging: to reject a treaty 23 years in the waiting and 9 years in the making would have created public consternation and political embarrassment.

Article 93 sets out the Cortes' right and duty to authorize international treaties. Article 94 requires its authorization before the Government embarks on treaty negotiations, especially if they are of a political nature, if they involve financial liabilities on the Treasury, or if they involve amending or repealing Spanish laws, or require legislative measures for their execution -- and the third enlargement necessitated all of these. The Cortes must be informed of the outcome of treaty negotiations.¹⁴ While not reinforcing the right of public debate in plenary, this reinforces the Cortes' right of information.

Only two articles under Title IV of the constitution concerning the executive branch (the Government and Administration) are of interest in this thesis. Article 97 enables the Government to direct domestic and foreign policy. Article 98 specifies the major actors in government, and their respective roles and duties.¹⁵

From the constitutional provisions discussed above, it is clear that political participation in the accession negotiations -- and perforce the formulation of Spanish negotiating postures -- was effectively limited to the government rather than shared with the Cortes. The King could not make policy, but he could (and did) use his position as the symbol of the Spanish state to put Spain's case to EEC leaders.¹⁶ Once the Cortes Generales granted the government leave to negotiate accession with the European Community, their ability to pressure the government about negotiating postures was limited to "Question Time" and the fact-finding committees they created, but

which had no legal or binding influence. The exclusion of international affairs from plenary debate also reduced the Cortes' ability to mobilize public support regarding many controversies related to accession, for example in agriculture. Thus, responsibility for the negotiations rested with the government alone. This drastically reduced the number of actors involved on the Spanish side of the negotiations, centring policy-making/negotiating postures on the Ministries and La Trinidad. The government had virtual *carte blanche* in its negotiations. Therefore, in order to determine the extent of ministerial involvement in the accession negotiations, we must examine the ministries relevant to the agriculture chapter.

The lack of constitutional provisions regarding the internal workings of the government is striking in this respect. In fact, the available literature does not record any changes in the functioning of the ministries or the civil service until after the PSOE government was elected in 1982.¹⁷ Few changes (if any) occurred to the functions and structures of the ministries and their Ministers during the democratic transition. Accordingly, ministers retained relative autonomy.

Ministers head their respective departments, they form part of the *Comisiones Delegadas de Gobierno* or Ministerial Committees, and together with the President constitute the Council of Ministers. Inside his own department a minister enjoys considerable power and independence. He has overall direction of his ministry. With the help of his subordinates, he drafts bills (*anteproyectos*) for submission to the Council of Ministers, and issues executive orders and regulations to apply and supplement the laws by the Cortes. With some exceptions he is the final judge in any administrative appeal inside his department.¹⁸

The Gonzalez Administration sought to reform and streamline government bureaucracy to make it more accountable, efficient, and also to prevent corruption after 1983.¹⁹ There is no indication of the success of its efforts during the period under study. Even if the

Administration's efforts had been successful, the time needed to implement civil service and ministerial reforms successfully takes it out of the period studied in this thesis: they would not have had an impact on the policy-making and negotiating process discussed here.

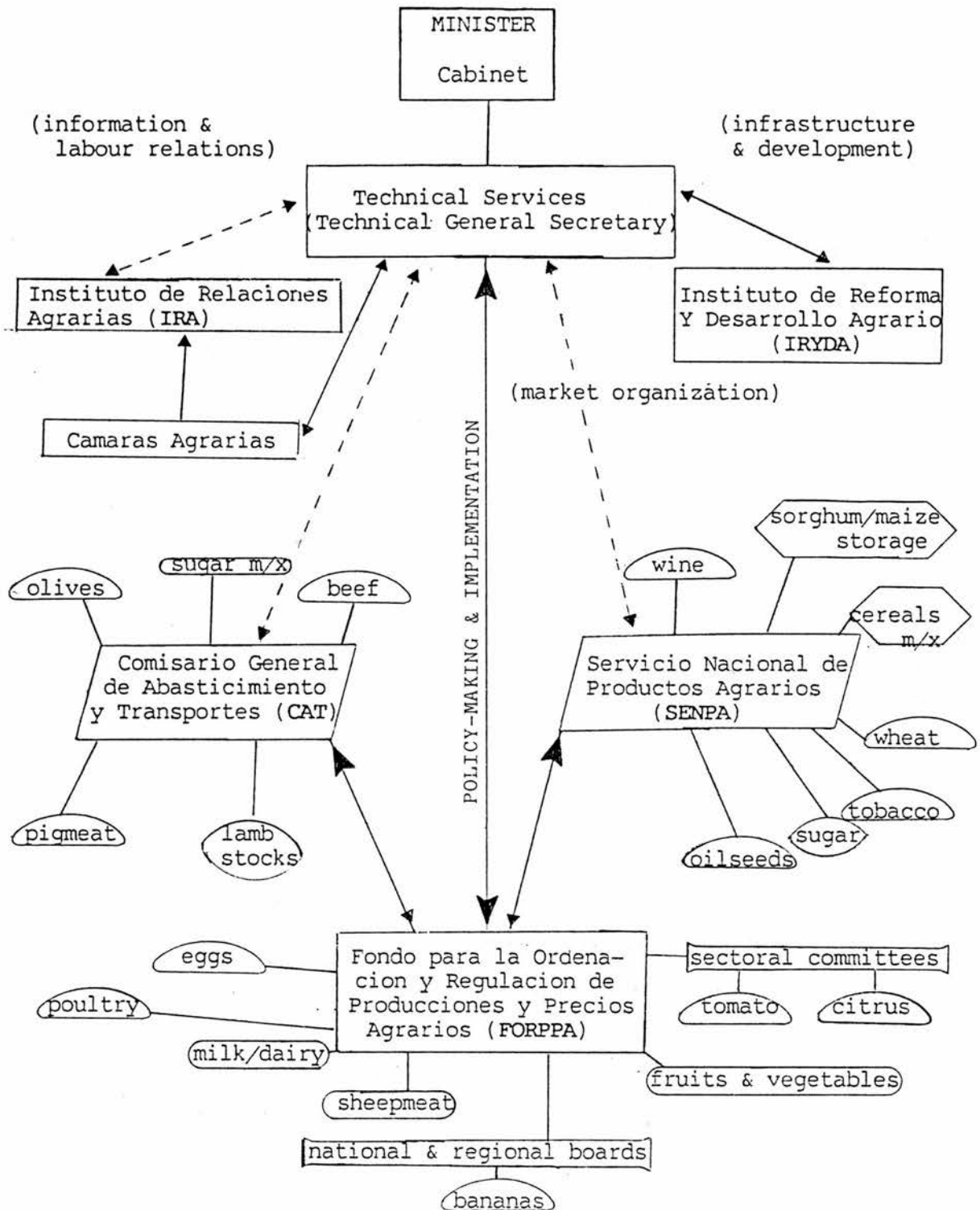
B. The Agriculture Ministry

Because of the lack of change between the *ancien regime* and the democratic regime, the institutional structure of the Ministry of Agriculture still bears many marks of its francoist antecedent. However, despite its origins and shortcomings, it is far more organized and effective than its Portuguese counterpart. The paucity of specific information about its organizational structure makes accurate description difficult. Therefore the official organizational structure in Figure 1, below, should be treated cautiously, as it is derived from various oblique sources. There is a further reason for treating the official organizational structure shown in Figure 1 with caution: the official relationship given between the intervention institutions SENPA, CAT and FORPPA belies their actual functions at the policy-making and market intervention levels.²⁰ An illustrative list of the respective functions of FORPPA, SENPA and CAT is given in Table 1, below. The dichotomy between official role and actual practice probably has more to do with the belated transformation of francoist bureaucratic structures, and the difficulty in removing any entrenched bureaucratic structure, no matter how redundant, than to conscious plan. Although these bodies began with a clear "product logic" (i.e., SENPA was cereals oriented), this has decayed since their inception, particularly since FORPPA's creation.

This is reflected in the evolution of the structures. The CAT

FIGURE 1

ORGANIZATIONAL STRUCTURE OF THE SPANISH MINISTRY OF AGRICULTURE



SOURCES: J. J. Gonzalez Rodriguez, p. 291, and L. J. Posada, p. 315 in *Papeles de Economia*; Agra Europe (1980b) op cit; Didier Buysse (1984a) op cit; A. Camilleri et al, op cit; A. Wright, (1977); L. Benalbas, (1983); P. Donaghy, M. T. Newton (1987).

TABLE 1
FUNCTIONS OF FORPPA, SENPA, CAT

	FORPPA	SENPA	CAT
Original Name	Fondo para la Ordenacion y Regulacion de Precios y Producciones Agrarios	SNT (Servicio Nacional de Trigo) SNC (Servicio Nacional de Cereales) SENPA (Servicio Nacional de Productos Agrarios)	Comisario General de Abastecimiento y Transportes
Year Created	1969	SNT 1939 SNC 1939 SNT & SNC merged to form SENPA, 1969	1939
Policy-Making Functions	Direct policy proposals to Ministry Indirect policy proposals to Ministry through CAT & SENPA	Transmits some FORPPA policy proposals to Ministry	Transmits some FORPPA policy proposals to Ministry
Intervention Functions	Production intervention Consumption intervention Financial intervention	Traditional market intervention Production intervention Consumption intervention	Traditional market intervention Production intervention Consumption intervention
Funding	Direct funding from Ministry of Finance	All funds from FORPPA (loans)	All funds from FORPPA (loans)
General Policies	1 Aids to production 2 Some structural improvement aids (production side) 3 Policies to improve processing and marketing 4 Some external trade policy to regulate domestic markets (in consultation with SENPA, CAT)	Some external trade policy to regulate domestic markets (in consultation with FORPPA)	Some external trade policy to regulate domestic markets (in consultation with FORPPA)
Direct Policy Actions	1 EXCESS SUPPLY -market support subsidies -storage subsidies - -processing/denaturing aids -compensation to producers - -consults SENPA, CAT on import restrictions to stabilize domestic markets 2 SCARCE SUPPLY -consumer subsidies -input subsidies - -consults SENPA, CAT on imports to stabilize domestic markets -consults SENPA, CAT on export restrictions to stabilize domestic markets -sell buffer stocks 3 FINANCIAL -general loans to corporations, individuals, cooperatives -loans to corporations, individuals, cooperatives, to purchase/store production: ease state burden	-storage of products -purchase some products at guaranteed prices -restricts imports, in consultation with FORPPA to stabilize domestic markets -consumer subsidies -input subsidies -imports inputs -imports to stabilize domestic markets, in consultation with FORPPA -export restrictions to stabilize domestic markets, in consultation with FORPPA -sell buffer stocks	-storage of products -purchase some products at guaranteed prices -restricts imports, in consultation with FORPPA to stabilize domestic markets -consumer subsidies -input subsidies -imports inputs -imports to stabilize domestic markets, in consultation with FORPPA -export restrictions to stabilize domestic markets, in consultation with FORPPA

SOURCES: Agra Europe (1980b); C. Tio, (1982); A. Camilleri et al (1984); D. Buysse (1984a).

(Comisaria General de Abastacimiento y Transportes), and SENPA's predecessors, the SNT (Servicio Nacional de Trigo) and the SNC (Servicio Nacional de Cereales) originated to implement autarkic food production policies. These failed. In 1968, in the wake of continuing policy mismanagement and poor planning in agriculture, FORPPA (Fondo de Ordenacion y Regulacion de Producciones y Precios Agrarios) was created to coordinate policy between the CAT, SNC and SNT.²¹ From that point, FORPPA occupied an increasing role in agricultural intervention at the expense of the other structures. This made agriculture policy more coherent and rational. In 1971, the SNC and SNT merged to form SENPA (Servicio Nacional de Productos Agrarios), again in an effort to make the intervention, policy and planning processes more coherent and rational. As they currently stand, both SENPA and CAT are redundant monopolies, yet before accession negotiations began, the government failed to rid itself of them, possibly for reasons of bureaucratic politics. If this is the case, accession to the EEC provides an outside impetus for their demise: most of SENPA and CAT's functions will be redundant or illegal under the CAP *acquis*. FORPPA is more able and likely to be adapted to fit in with the CAP instead.²²

The anomaly illustrated in Table 1 is summarized as follows. In Figure 1, CAT and SENPA are officially "executive" bodies of FORPPA. However this is misleading when we examine the role which each institution plays. FORPPA directly funds both SENPA and CAT. FORPPA, not SENPA or CAT, has direct access to the Ministry of Finance regarding agricultural intervention funding. FORPPA is also responsible for policy suggestions which the upper echelons of the ministry rely upon to make intervention policies, although sometimes these suggestions find expression through the auspices SENPA and CAT. Thus, FORPPA formulates agricultural intervention policies. It also provides SENPA and

CAT with the market information needed to determine whether market intervention should occur, and **coordinates and oversees** virtually all of SENPA's and CAT's own intervention regimes. While SENPA and CAT may oversee the import and export of agricultural produce and inputs, they consult with FORPPA beforehand. FORPPA is also the source of statistical information on Spanish agriculture. In practical terms then, the older francoist structures, while still extant, have been superseded by FORPPA. By virtue of its ability to make and execute policies, FORPPA is a major institution within the Ministry of Agriculture. FORPPA's dominance is further emphasized by the fact that FORPPA officials were charged with liaising with La Trinidad for technical aspects of the accession negotiations.²³

Although agricultural policy will be discussed in more detail below, it is important to note the impact of the policy-making structure on the **form** of intervention policies executed in Spain. The policy-making structures in the Ministry of Agriculture were created by, or had antecedents in, a highly centralized authoritarian state, and it is unsurprising that the **level** of state intervention in this sector can be massive. The state could, and did, intervene in every aspect of agriculture -- from the first to the final stages of production to marketing, distribution, processing, importing and exporting. This is **not** to say that the state intervenes so comprehensively in all sectors (it does not) but it emphasizes the legacy of the **ancien regime** and helps to explain the weaknesses of non-governmental organizations in the agricultural sector. It also illustrates the differences of institutions and policies between Spain and the EEC.

IRYDA (Instituto de Reforma y Desarrollo Agrario) is also the result of merger of autarky-oriented francoist institutions: in this case, between the SNCP (Servicio Nacional de Concentracion Parcelar-

ia), and the INC (Instituto Nacional de Colonizacion) merged to form IRYDA in 1973. Its formation marks the beginning of serious development policy in Spanish agriculture toward commercial production, not autarky. It is an autonomous agricultural reform and development institution, aimed primarily at developing infrastructure. It gathers data, coordinates some projects with the Ministry of Public Works, monitors private irrigation projects, and initiates some large and small infrastructural projects of its own.²⁴ It executes and enforces land reform and development laws, especially the major reform laws of 1979-80, such as the *Ley de Fincas Manifestamente Mejorables* (1979), the *Ley Especial de Tierras Ociosas* (1979), and the *Ley de Reforma y Desarrollo Agrario* (1980).²⁵

A final set of institutions to be discussed within the Ministry of Agriculture concern the representation of agricultural interests. The *Camaras Agrarias* (Chambers of Agriculture) and the IRA (Instituto de Relaciones Agrarias) were created in 1977 to channel and regulate government-agricultural interest relations, replacing the francoist *Hermanidades*.²⁶ The IRA, created in the wake of trade union legalization, exists to improve contact between the government and agricultural trade unions, funding and providing organizational support for the *Camaras Agrarias*' operations. Its influence is severely limited due to the low trade union membership density -- less than half the agricultural workforce is unionized -- and historic suspicions about state labour organizations. The *Camaras Agrarias* carry over many of the Francoist *Hermanidades*' duties. The Ministry fully funds them through the IRA, and charges them with the execution of some minor decentralized ministerial responsibilities, and consultations with sectoral representatives aimed at promoting state policies. In fact, the *Camaras Agrarias* compete with the sectoral trade unions, and there is confu-

sion regarding functions and coexistence between them.²⁷ Current participation in the Camaras Agrarias covers approximately one-third of the agricultural workforce, and lacks either political influence or credibility. Given the limited public participation in these institutions, therefore, their potential and actual political impact on accession negotiations was negligible, as acknowledged in interviews.²⁸

The establishment of state bodies to represent agricultural interests raised difficulties for both the government and the agricultural trade union movement. The IRA and Camaras Agrarias smacked of control, or at least the more conservative Suarez government's ambivalence to union and pressure group representation and political influence. Many farmers and agricultural workers suspected that the new state bodies would fail to yield more benefits than the defunct Hermandades. Furthermore, the embryonic agricultural trade union movement perceived the Camaras Agrarias as competitors which could only undermine unionism in the sector. Thus they discouraged labour contacts with the IRA and the Camaras Agrarias. The suspicion and lack of cooperation generated contributed to confusion and ineffectiveness in the articulation of agricultural interests to the government. Moreover, the agricultural trade unions' own weakness made them inadequate to fill the vacuum. The unions themselves were small, fragmented in (sectoral, regional, and political terms), with weak organizational structures and low membership.²⁹

The lack of effective articulation of agricultural interests during the negotiations created problems for the government and agricultural representation alike. Spanish negotiators sought to inform agricultural interests and receive feedback through institutionalized contacts initiated between La Trinidad and regional representatives of the Camaras Agrarias.³⁰ Emphasis was heavily biased toward informing

farmers of the progress in negotiations rather than receiving feedback.³¹ However, the low participation in the Camaras Agrarias meant that the negotiators' level of contact with agricultural groups was low and ineffective. This created an information gap for farming groups, which La Trinidad never overcame during the negotiations. Without an organizational framework through which consultation could occur, it could not and did not occur. These weaknesses enabled La Trinidad to ignore or discount agricultural interests in its pursuit of negotiations in agriculture. Farming groups outside the Camaras Agrarias failed to organize on enlargement issues until early 1985 -- too late to have an impact on negotiations.

This is not to say that farmers did not have opinions on agricultural issues. Many farmers had the (justified) suspicion that the more organized industrial and entrepreneurial interests would prevail if any trade-offs had to be made between the two during the negotiations, sacrificing agricultural interests. Support for the accession was also tempered by sectoral interests. Some groups stood to gain much more than others, and the losers naturally had misgivings. For example, those involved in the fruit and vegetable production sectors, who enjoyed little official market support in their highly competitive sectors, were enthusiastic about the enlargement. Spain's fruit and vegetable sectors were the most competitive in agriculture. However, those in the livestock (especially beef), cereals and sugar beet sectors, who enjoyed massive government protection, expressed misgivings about the benefits of accession in their weak sectors.³²

This discussion conveys a sense of the Ministry as a highly organized and not very democratic organization, in which decision-making concentrated on a small number of persons, mainly in FORPPA. Once again, this enhanced the autonomy of policy-makers with regard to the

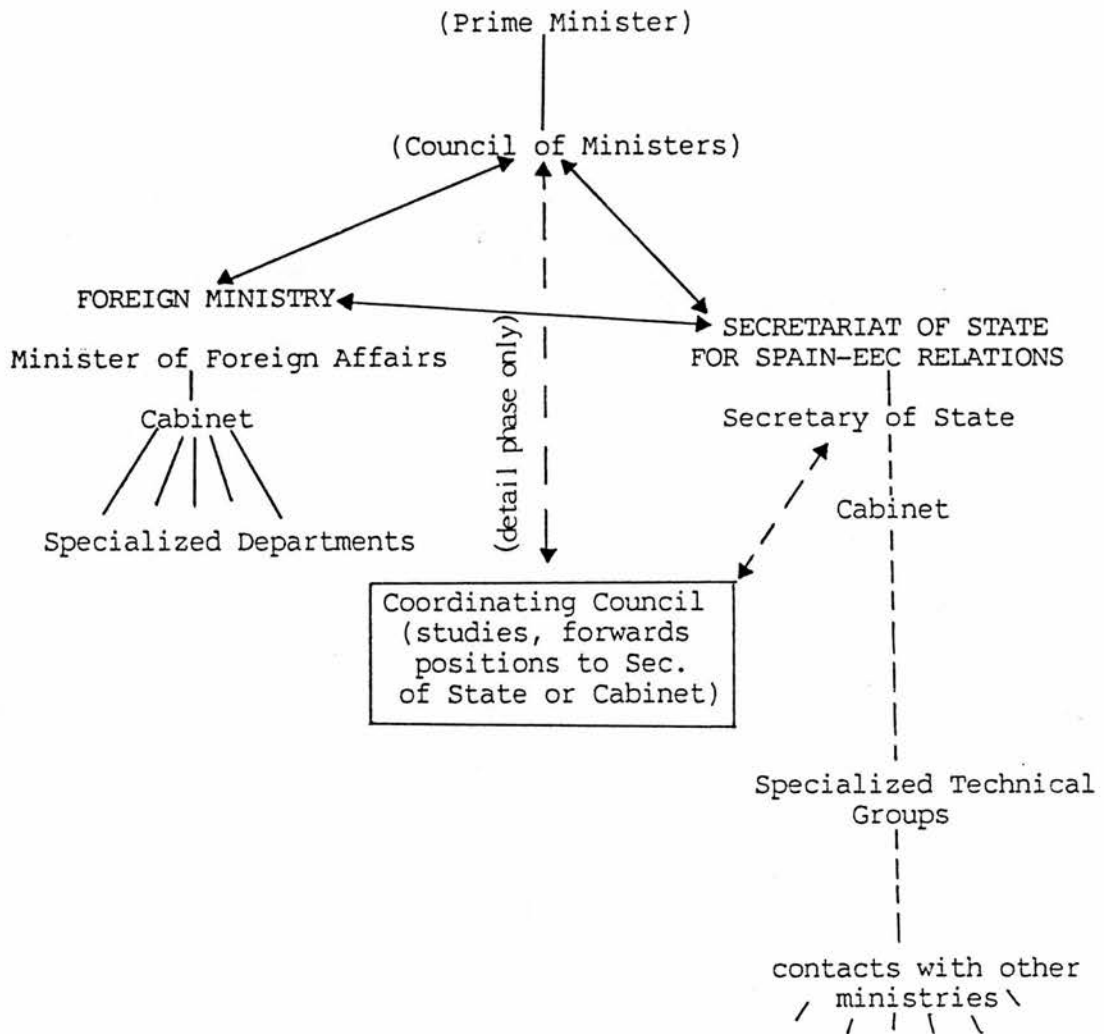
accession negotiations. One human factor, however, reduced the Agriculture Ministry's influence in the negotiations during the Gonzalez Administration: its Minister, Carlos Romero. He was apparently very reticent to travel outside the country to represent Spain's case in negotiations. At the critical detail phase of the negotiations, he delegated his authority to La Trinidad rather than pursue his Ministry's case in Brussels. This gave Spanish negotiators an even more decisive impact on the outcome of negotiations.³³

C. The Ministry of Foreign Affairs

Officially, all accession negotiations between Spain and the European Community occurred between the delegates of the Spanish Secretariado de Estado para las Relaciones con las Comunidades Economicas Europeas and the Commission of the European Communities. This Spanish negotiating organ was created under the aegis of the Ministry of Foreign Affairs to conduct the negotiations, housed in La Trinidad Palace.³⁴ Despite changes in party and government, the basic organizational structure of La Trinidad did not alter during the negotiations. The Secretary of State held a junior ministerial position in the Prime Minister's Cabinet, underlining the importance of his work. He was answerable to the Prime Minister and to the Minister of Foreign Affairs. La Trinidad was responsible for inter-ministerial consultations and coordination connected with accession, and the ministries lent it personnel to facilitate technical discussions. It included a special **coordinating council** headed by a subsecretary, which undertook to formulate all bargaining positions once the detail phase of negotiations began, although it was activated earlier, in the Spring of 1983.³⁵ The basic organizational relationship is shown in Figure 2, below.

FIGURE 2

Organisational Structure of the Spanish Ministry of Foreign Affairs



SOURCE: E. Gonzalez Sanchez, (1978), (1984), S. Fernandez Gomez Reino interview.

Within the Secretariat of State, the negotiating team was divided into groups whose responsibilities coincided with the various chapters in the negotiations. These groups undertook technical liaison with other ministries, and were responsible for the formulation of negotiating options. Where necessary, there was also inter-group consultation (for example, between finance and agriculture) to facilitate cohe-

rence and coordination. Top level negotiations involved the Secretary of State and the Minister of Foreign Affairs, with occasional assistance from other ministers when absolutely necessary: this generally occurred during the final phases of the negotiations.

D. Government Structure and the Accession Negotiations

From the preceding discussion, we may assume that only a small number of players involved themselves in the accession negotiations. At the top, participation included the Prime Minister and the members of his Cabinet, according to interest, plus the delegation from La Trinidad. For the purposes of negotiating the Agriculture Chapter, the Prime Minister, Foreign Minister, the Agriculture Minister and a small team of FORPPA technical advisors were the only necessary internal interlocutors in proceedings. Only if Spain wished to engage in issue linkage would other Ministries need to be involved, and then only in a peripheral manner. In such cases, for example linkage of VAT to agriculture, or NATO membership to EEC membership, or on the Gibraltar issue, the Prime Minister and the Foreign Minister generally acted instead. The small number of key players and centralized decision-making structure provided the Spanish team with maximum flexibility to formulate negotiating positions. Political consensus across party lines and within the government over time enhanced this. So, too, did the lack of organized and institutionalized pressure groups in the primary sector which might otherwise have brought pressure to bear on the government regarding contentious aspects of the agriculture chapter.³⁶

Government structure does not appear to have impeded the ability of the team at La Trinidad to formulate initial positions with consent

at the Council of Ministers (cabinet) level, or its ability to respond quickly and fully to EEC proposals. Furthermore, the political consensus and general continuity of agricultural policy between changes of regime and administration enabled different negotiating teams to act consistently along consistent policy guidelines.

Aiding this situation was the fact that public opinion generally favoured accession: however, public awareness was low, and government information campaigns were geared towards "favourable" information. The Cortes' inability to debate the enlargement also generally kept it from becoming a high priority political "issue" for public consumption until a final outcome was imminent. This is demonstrated in Chapter 6. A favourable but ignorant public enabled the government to pursue its part in the negotiations without undue fear of "negative feedback" from the public or parliament.

i. Negotiating Team and Style

As noted earlier all Spanish political groups exhibited a very strong consensus with regard to the reasons for entering the EEC. This affected their manner of negotiation: both the UCD and the PSOE negotiating teams' point of departure for negotiating with the EEC was the idea that Spain must negotiate with the EEC on the basis of **equality**: both parties were determined that Spain should be an equal interlocutor in proceedings, not a **demandeur**.³⁷ This wish for equality had several roots. Firstly, all the Spanish delegations felt that the size and developed nature of Spain's economy and society merited equal treatment. The assumption on both sides, that Spain would return two Commissioners to Brussels, befitting Spanish importance in Europe, supported this. Secondly, the delegations pointed to the well-tried notion of reciprocity in international negotiations.³⁸ Thirdly, they

pointed to the wide and varied international nature of Spanish foreign policy interests, which in their view reinforced their (newly recognized) identity as a "middle ranking" power. Foreign Minister Moran's book, Una Politica Exterior Para Espana, expresses this orientation most clearly.³⁹ This desire to be treated as an equal party in the negotiations was frustrated by the attitudes, decision-making procedures and actions of the European Council of Ministers, which turned ^{the} Spanish delegation into the **demandeurs** they so ardently wished not to be.

Political consensus notwithstanding, there are perceptible differences between the two parties' negotiating styles. The UCD Secretaries of State (particularly Calvo Sotelo and Punset) sought to insist on reciprocity **within** the negotiating framework of the treaty to be agreed. The delegation during this period strove to attain a **quid pro quo** regarding industrial and agricultural concessions.⁴⁰ This insistence on reciprocity when none was offered helps to explain the nadir reached in the negotiations under Eduard Punset's brief stewardship of the Spanish team.

In contrast Fernando Moran and Manuel Marin, who headed the PSOE team's negotiations until their conclusion, pursued a diversified strategy. They negotiated much more assertively and aggressively. Firstly, recognizing the critical importance of the EEC Council of Ministers in the negotiations, they concentrated on changing its views rather than those of the Commission. Secondly, the government sought to change the viewpoints of **key members** (particularly the French) of the Council of Ministers by initiating bilateral contacts between itself and Member governments to press their case. Thirdly, the PSOE government used its scepticism over NATO membership to link the political importance of NATO to EEC membership — a point not lost on either the German or British governments.⁴¹

The linkage to NATO probably provided the most effective spur to the EEC's lugubrious decision-making and negotiating processes, because NATO withdrawal⁴¹ was an effective threat which a traditionally anti-NATO Spanish Socialist government could credibly carry out, and which was unanimously perceived to be against the interests of those EEC Members who were also members of NATO. The PSOE government offered enhanced European security (in NATO) and another step towards a unified Europe -- politically and economically -- but not at **any** price.⁴² They were thus able to place the responsibility for any failure (and the subsequent threats) firmly on the EEC's shoulders. In the event of a total breakdown in negotiations, the Community would have had to cope with less security, and the embarrassment of demonstrably failing to live up to the aspirations of the Treaty of Rome they claimed to uphold. The Gonzalez Administration did this credibly because the PSOE itself was split on the NATO issue. Pragmatists, such as the Prime Minister, would commit Spain to stay inside NATO, but only if EEC membership were to materialize, and without too many painful conditions.⁴³ Traditional anti-NATO/neutralists, such as Foreign Minister Moran, did not believe that the NATO membership issue should be used as a political expedient. Thus, La Trinidad under the Socialists had the advantage in assuring the EEC that the ambivalence expressed was real, it existed through the party up to the highest levels of government, and was mirrored by the population.⁴⁴

The PSOE government also used its membership in the Socialist International (of which the French Socialist government, the source of most of the delay, was also a member) to press its case and garner support. It is also clear that from the beginning of his administration, Prime Minister Gonzalez took an active part in the negotiations by visiting the capitals of Member States to establish contact and

rapport with other heads of government, and solicit support for the Spanish case. As mentioned earlier, Prime Minister Gonzalez lost no time in visiting Germany to put his case and play the NATO card. Nor did he hesitate to try to soothe French fears with regard to agriculture when visiting France. Certainly he appears to have been more adept and persistent than his UCD predecessors.

Others might argue that the PSOE government's success in the accession negotiations was not the result of a change in style or tactics mentioned above, but simply the arrival of a more propitious period in which to negotiate. PSOE ambivalence about NATO has been noted, but it must be conceded that the UCD rushed NATO membership through only **after** the attempted coup of 23 February 1981, two years after EEC enlargement negotiations began.⁴⁵ The embattled UCD, having rushed into NATO, could not have changed its mind with any internal or external political credibility. Nor did the PSOE government have to contend with a French government in the run-up to a Presidential election, which certainly encouraged French intransigence on sensitive agricultural issues. However, French Socialist sympathies towards Spain did not extend to a startlingly new and flexible attitude towards Spain when enlargement negotiations touched on politically and economically sensitive sectors for France.

Furthermore, as with the UCD before it, the PSOE government's tactical recognition of the contingent nature of the negotiations, and its agreement that the EEC must solve its internal problems before the enlargement could be successfully concluded, backfired.⁴⁶ The Spanish team wished to become an active interlocutor in the internal EEC reform debate, arguing forcefully that as Spanish accession was the ostensible reason for the urgency of the reforms and the delay, it was only logical that Spanish interests should be represented in those

discussions.⁴⁷ While the EEC shared the view that the internal debate had first to be settled, it entirely rejected the idea of Spanish participation. The closest to recognition of Spain's point was their promise to "take [unspecified] account" of the applicants' interests -- which was never really verified by action. The Socialists were able to overcome only some of the obstacles which their predecessors faced. It is therefore difficult to determine whether a better conjuncture actually did affect the negotiations in the PSOE government's favour.

As noted earlier, King Juan Carlos actively promoted Spanish accession from the day of his coronation onward. He did so within his remit as Head of State, and no changes in his "style" are detectable over the years of the negotiations.⁴⁸

D. Government Process and Negotiating Process

How did the accession negotiations affect Spanish agricultural policy? The relationship between the EEC and internal Spanish agricultural policy existed long before Spain made its application, providing a high degree of continuity for Spain. Once policy-makers decided to reorient the primary sector along lines complementary to the needs of a modern industrial society (1969), on the one hand, and to seek EEC membership (1974/5) on the other, the general focus of agricultural policy aimed at modernizing and harmonizing the sector with the CAP.⁴⁹ This explains why negotiators claimed that Spanish agriculture was "already integrated" with the Community's. Between 1975-1979, most of the key policies created for the primary sector already took the Common Agricultural Policy into consideration. The general policy orientation emphasizing EEC harmonization and modernization crossed both the transition to democracy, and later party boundaries. Proof of

this lies in successive Agriculture Ministers' willingness to continue and expand on the initiatives made in key legislation during the early and mid-1970s.

Even though major efforts had already been made to make Spanish agriculture compatible with that of the EEC, the Spanish negotiating team was willing to concede that further alterations would be necessary: **Spain fully accepted that the primary sector required a high level and broad scope of change.** Its leaders also accepted that certain CAP regimes might have to be altered to accommodate the forecasted effects of Spanish membership, and were willing to discuss such changes in tandem with changes to national policy. The Community rejected this. From this discussion, it is clear that negotiation efforts between Spain and the EEC were **not** hampered by Spanish efforts to grapple with the problems of applying the Common Agricultural Policy: the application process started before negotiations began.

2. ECONOMIC STRUCTURE

A. The Spanish Agricultural Economy and its Relevance to Development

Agriculture continues to occupy a significant role in the Spanish economy, and its share in the economy and employment remains higher than the EEC average. However, we must not discount the long-standing downward trend in agriculture's importance to the Spanish economy as a whole, indicated in **Table 2**, below. If we compare the share of the Spanish primary sector to EEC countries which produce similar agricultural produce (Italy and France), we find that the decline of their primary sector's overall importance is also a comparatively recent

TABLE 2

SHARE OF LABOUR AND GNP/GDP BY SECTOR IN SPAIN 1960-1984

YEAR	AGRICULTURE		INDUSTRY		SERVICES	
	% Workforce	% GDP	% Workforce	% GDP	% Workforce	% GDP
1960	40	22.7*	30	—	28	26.5*
1965	—	16.9*	—	—	—	—
1966	—	18.0*	—	34.0*	—	48.0*
1967	29.4	16.0*	36.3	35.0*	34.3	49.0*
1968	31.6	16.0	36.3	34.0	32.5	50.0
1969	30.1	15.0	36.9	35.0	32.9	50.0
1970	29.2	13.0	36.9	36.0	33.9	51.0
1971	28.5	14.0	37.5	34.0	33.9	52.0
1972	27.6	13.0	37.4	35.0	33.9	52.0
1973	24.0	13.0	—	35.0	—	52.0
1974	23.1	—	36.7	—	40.1	—
1975	23.0	9.0	37.2	39.0	39.7	52.0
1976	21.1	9.0	37.4	39.0	41.4	53.0
1977	20.9	9.0	37.3	38.0	41.7	53.0
1978	20.1	9.0	37.3	36.0	42.5	55.0
1979	19.5	8.0	36.3	36.0	44.2	56.0
1980	18.9	7.0	36.0	36.0	45.2	57.0
1981	18.1	—	35.3	—	46.5	—
1982	17.9	6.0	33.9	36.0	48.2	58.0
1983	15.5	—	33.3	—	44.0	—
1984	15.5	7.0	32.4	35.0	43.6	58.0

* NOTE: * indicates GNP

SOURCES: OECD, OECD Economic Surveys: Spain, 1968-1984, Paris; Instituto Nacional de Estadísticas, Anuario Estadístico, 1981 & 1985, Madrid. For the sake of consistency OECD statistics have been used whenever possible. There are seldom major discrepancies between sources.

phenomenon, as shown in Table 1 in Appendix 3.

It is worth noting that whereas France and Italy benefited from Marshall Plan aid, and also EEC regional, social and agricultural aids in order to reconstruct and transform their economies; Spain did not. One of the major aims of the Common Agricultural Policy was, after all, to modernize the primary sector in "laggard" parts of the EEC, including France and Italy. Taken in this context, the CAP has only partially achieved its intentions, and even then not in the most economically rational manner.⁵⁰

Spain, however, fostered its own development, which undoubtedly partially accounts for the lack, or unevenness, of modernization in the primary sector, although this is unquantifiable. It should be borne in mind, but it does not dismiss the fact that Spanish agricultural policy, and its part in transforming Spain into a modern industrial economy was ineffective until the late 1960s. Until that time, primary sector policy lacked direction, and modernization occurred sporadically and unevenly, largely through private initiative and without the benefit of macroeconomic planning.

From the 1950s on, the regime embarked on a massive industrialization program to develop the Spanish economy, apparently without consideration of agriculture's place in its development plans.⁵¹ The new orientation favoured industry, continuing the centuries' long neglect and mismanagement of agriculture. It also continued the notorious "years of hunger" begun under the Franco regime, which encouraged an exaggerated rural-urban demographic drift.⁵²

But neglect of agricultural policy became an obstacle to industrialization and modernization. The sector's inefficient and anachronistic production methods made its transition from a traditional subsistence economy to a commercial economy difficult and incomplete. Traditional agriculture engages a large portion of the population in its own food production; in a modern industrial economy, agriculture's role shrinks and commercializes, freeing both labour and capital for investment elsewhere. These did not occur entirely successfully in Spain: the country continues to have a 25% agricultural trade deficit because of this problem.

The lack of modernization in agriculture, while industry and services developed apace, created classic development distortions: an exaggerated rural-urban population drift, high emigration, regional de-

velopment and income distortions, and eventually, as the country transformed into a modern industrial economy, balance of payments and trade disequilibria. Certainly the laggard agricultural economy, and the lack of recognition of agriculture's place in development helped to create these classic problems -- which are all well recognized in development literature.⁵³ By 1969, when the new policies began, Spanish agriculture had changed radically from its post civil war state, but not totally to the good:

Agricultural policy, apart from the crises [generated by traditional agriculture] sought to respond to the varied and grave problem presented by the Spanish countryside. Many of the problems dragged along for years, the results of structural production deficiencies (minifundia and latifundia), and scarce technical improvement to methods and mechanization, which recovered low productivity gains, to the low level of rural organizations, etc. Others arose as a consequence of the new demands of Spanish society, such as the inadequate agricultural supply relative to demand, the poor standard of living comparisons between the urban and rural populations, and, finally, the problems provoked by the crisis of traditional agriculture itself, with its strong emigration, corresponding to the conservation and defence of lands (nature), the ageing active agrarian population, the lack of a rural social security system, etc.⁵⁴

Spanish agricultural policy lacked conscious direction to conform to the needs of a modern capitalist society until the Ministry came under the stewardship of Ministers Allende and Garcia Baxter (1969-1975).⁵⁵ By 1969, the authorities realized that in order to sustain balanced economic development and modernization, the primary sector had to become an efficient, productive and commercially viable part of the economy.⁵⁶ This meant reducing the labour force in a controlled and socio-economically rational manner, by establishing minimum viable farm sizes and encouraging small farmers to retire; also by encouraging latifundists (by law) to use and maintain their holdings productively. It meant introducing new farming methods, increased use of in-

puts and mechanization, expanding irrigation, crop and livestock varieties. Finally, it required marketing and intervention structures reforms, oriented toward commercial rather than subsistence farming.⁵⁷

After 1969 agriculture received the planning and reorganization needed finally to address the needs of the economy. All of the most important changes occurred between 1969 and 1979, when agricultural modernization became a key part of Spanish development strategy, transforming the sector.⁵⁸ By 1973/4, when various sections of the political elite anticipated the democratic transition, the trade/accession debate began regarding Spain's relationship with the EEC, and Spanish agricultural policy self-consciously oriented to harmonize with the CAP.⁵⁹

B. The Structure of Spanish Agriculture

The third enlargement negotiations have produced a myriad of studies and comparisons of Iberian agriculture relative to the EEC.⁶⁰ These have become the basis of controversy regarding the level of "danger" the Spanish economy, and its primary sector in particular, present to the EEC -- and the CAP in particular. The controversy can be broken down into four parts. Firstly, there is dispute regarding the **modernity** of Spanish agriculture (including the significance of regional development disparities), and the quantity of EEC funds needed to upgrade the sector. Secondly, there is controversy regarding the **production potential** of Spanish agriculture and its implications on CAP expenditure. Thirdly, controversy occurs regarding **sectoral complementarity** and the **competitiveness** of Spanish agriculture relative to the EEC, and to certain member states in particular. A final level concerns the **contrast** in agricultural structures between Iberian and

EEC countries. This is partly related to the modernization issue.

Discussions concerning the structure and modernity of Spanish agriculture generally emphasize the disparity between Spain by comparing averages in Spain (overall) and the EEC (overall average), and averages tend to obscure disparities. However such comparisons are spurious, as the structure and modernity of EEC agriculture is itself uneven and extremely diverse. For example, Spanish agriculture, compared ^{with} the Languedoc in France or southern Italy, is highly competitive.⁶¹ Comparisons on Spanish production potential often produced alarm on the EEC's part, because of the implications for CAP finances -- namely a sharp and continuing increase in expenditure in new production sectors. However as will be shown below, this must account for two important factors: the existence, or lack, of resources to achieve the expected increases, and the ability of inputs to compensate for the shortfall of natural resources.⁶² Both factors must be examined to establish the validity of the fears regarding Spanish production potential. The problem of sectoral complementarity and competitiveness shows not only where these factors existed, but the degree to which they existed, and is also a key to the EEC's defensive negotiating position. Once these issues are elaborated, we may establish the coherence of the EEC and Spanish negotiation positions.

i) land tenure

As has been recounted extensively elsewhere, the structure of land holdings in Spain is extremely unequal, as shown in Table 4, below, and exacerbated by its regional character. In the north, which concentrates on cattle and dairy production, minifundia predominate.⁶³ The small overall size of minifundist farms is worsened by the fact that because of inheritance traditions, most farms are broken into even

TABLE 3

STRUCTURE OF AGRICULTURAL LANDHOLDING IN SPAIN

	1962			1972			1982		
Size of Farms (hectares)	Number of Farms	% of Farms	% of UAA	Number of Farms	% of Farms	% of UAA	Number of Farms	% of Farms	% of UAA
small									
0 - 1	805,814	26.8	4.7	586,480	22.8	4.6	594,929	24.9	4.5
1 - 5	1,031,801	34.3	5.7	978,900	38.1	5.3	880,786	36.9	4.7
5 - 10	417,125	13.9	6.6	388,002	15.1	5.9	334,285	14.0	5.2
medium									
10 - 20	300,996	10.0	9.4	271,160	10.5	8.2	241,925	10.1	7.5
20 - 50	196,001	6.5	13.2	181,443	7.1	12.0	168,253	7.0	11.5
50 - 100	51,672	1.7	7.9	59,102	2.3	8.9	61,618	2.5	9.4
large									
100 - 200	24,556	.8	7.5	29,063	1.1	8.8	31,118	1.2	9.5
200 - 500	17,151	.6	11.8	19,452	.8	13.0	19,240	.7	13.2
500 - 1000	6,728	.2	10.5	6,955	.3	10.4	6,947	.2	10.7
over 1000	4,834	.2	26.7	5,045	.2	26.9	4,911	.2	27.0

SOURCES: INE (1985) Censo Agrario de 1982; Spanish Agriculture Ministry (1981) Manual de Estadística Agraria; Agra Europe (1980b); D. Buysse (1984a).

smaller plots. The minifundist structure is not amenable to any of the needs of efficient commercial farming: mechanization (plots are too small), economy of scale, the type and quantity of such inputs as fertilizer and pesticides (expense), etc.

Obviously the minifundist structure of farming represents a considerable obstacle to balanced modernization. In order to achieve a modern agricultural economy in minifundist areas, land concentration is essential, but such a policy has related employment, cultural, and social consequences unpalatable for policy-planning in already depressed

regions.⁶⁴ Although the government has instituted policies of **concentraci3n parcelaria** (land concentration) since the 1960s, the effects have been limited partly because of social traditions in affected areas, especially Asturias and Galicia, and because they were difficult to apply or enforce. With the creation of IRYDA in 1971, however, and successive agrarian reform laws, the mechanisms (mainly indirect) for land concentration are now ample: the only governmental obstacle to enforcing and applying it is the lack of trained personnel to implement it, and of course, social resistance in areas where land holdings remain the primary source of wealth, no matter the size.⁶⁵

The obstacles presented by minifundia to Spain in general economic terms, and to negotiations with the EEC, lay in their existence as obstacles to full production efficiency. This was especially the case in the minifundist dominated cattle, livestock, and dairy sectors.⁶⁶ But in order to achieve the appropriate reforms in land tenure, the authorities had to provide small farmers with incentives to leave agriculture. This point had obvious implications for regional, social and CAP funding in Spanish agricultural development and modernization.⁶⁷ The EEC viewpoint here implied that inefficiency and restructuring cost money which it could not (or would not) afford. Ironically, small farms are on the increase in France.⁶⁸

At the other extreme latifundia exist, mainly in the south of the country, accounting for the majority of utilized agricultural area (UAA) and also the majority of Spanish productive capacity. Modernization of latifundia is a recent phenomenon: before the reforms of the 1960s, many latifundia in perfectly adequate areas were underutilized as **cotos de caza** (private hunting grounds), or as pasture land for bulls or horses. However, since the 1970s rapid modernization occurred. This presents another side of the land tenure reform argument

put by the EEC. The fact that latifundia account for the majority of Spanish productive capacity, and that modernization would improve output created the assumption in some EEC circles that if Spanish latifundists in particular were allowed to avail themselves of CAP pricing regimes, **and** restructure and modernize their lands, Spanish agricultural production would rise enormously, further bankrupting the EEC. The argument here emphasizes that efficiency and modernity also costs too much. Such an argument fails to recognize the limiting factors placed on these areas, such as the quality of soil, water resources, etc. It also ignores the fact that some EEC Members' UAA is also dominated by very large landholdings.⁶⁹

The role of the medium sized farm in Spain continues to occupy a small part of UAA (Utilized Agricultural Area) and production. They also concentrate in specific regions of the country.⁷⁰ This contrasts to the European **average**, and policy emphasis, which is on the medium-sized farm (compare Table 4, above, to Table 2 in Appendix 3, below, for statistics).

It cannot be denied that the highly unequal land tenure in Spain poses difficulties to EEC integration. However, if we accept the fact (as Spanish governments have done since 1969) that Spanish agriculture **must** modernize, and that **land reform** is a key element of any modernization strategy, and that it must be oriented toward a standard viable farm (as the EEC does), then **any** modernization program would produce regional, social and economic disequilibria for which state policy and planning would have to account. It is not unique to the CAP. It arises from the regional character of Spanish agriculture, which shares characteristics with Portugal, France, Italy and Greece. The **predicted disruption** would occur whether Spain was inside or outside the EEC. Spanish authorities recognize this.⁷¹ Northern farm rationalization

faces social and political difficulties because of the fact that much of the area is economically depressed: it houses key declining industries such as steel and shipbuilding, and a large proportion of the oversized fishing industry. Therefore, the Spanish authorities were well aware of the potential socioeconomic problems of a rapid transformation in the north. The EEC's concern appears, once again, to be money. Given the probable regional difficulties, Spain would qualify for FEOGA, Regional and Social funds. The EEC worried about the **scale** of funding to be allocated from a perceived shrinking budgetary pie.

ii. irrigation

One of the most vehement arguments raised by Spanish accession concerns the likely increase of Spanish production potential if and when more agricultural lands come under irrigation. Spain's detractors pointed to an "enormous production potential", while her supporters disclaimed its significance. Those taking the "productive potential" argument tend to ignore, or are not sufficiently aware of several factors which emphatically mitigate the strength of any leap in production. Firstly, they point to the 100% to 300% increases in crop production on irrigated land, and the Spanish target of ultimately achieving 4 million Hectares of land under irrigation (Spain presently has about 2.9 M HA under irrigation). This assumption implies that production increases of this level will be across the board for all irrigable land, not discriminating according to crop type, and also that the target surface area can be achieved in the near future. Such outstanding results would only be obtained in a limited number of cases, and this would be heavily reliant on other factors such as: quality of the land, applicability of inputs such as fertilizer to achieve production gains, ability to mechanize production sufficiently

TABLE 4
INCREASE IN IRRIGATION AREA IN SPAIN, 1970-1982

YEAR	AREA IRRIGATED (HA)	AMOUNT OF CHANGE (HA)	% CHANGE
1970	2,198,000	-	
1971	2,423,000	225,000	10.2
1972	2,498,000	75,000	3.1
1973	2,537,000	39,000	1.5
1974	2,585,000	48,000	1.9
1975	2,617,000	32,000	1.2
1976	2,651,000	34,000	1.3
1977	2,691,000	40,000	1.5
1978	2,740,000	49,000	1.8
1979	2,794,000	54,000	2.0
1980	2,822,000	28,000	1.0
1981	2,853,000	31,000	1.1
1982	2,914,000	61,000	2.1
TOTAL			
(12 yrs)	716,000	716,000	32.6
AVERAGE (including 1970-1971 change)			
		55,076	2.6
	(excluding 1970-1971 change)		
		40,916	1.8

SOURCE: Ministry of Agriculture, Manual de Estadística Agraria: 1984, p. 17, and own calculations.

to attain appropriate economies of scale, size of land holdings, land reform, climatic conditions, and water resources.⁷² It ignores problems of water scarcity and competition for water as an agricultural or an urban resource in Spain, as well as the manner in which irrigation is currently developed. Furthermore, some irrigation schemes are tied to certain deficit crops (such as feed grains); while it is forbidden in some surplus crops (such as olives and wine grapes).

Estimates of the growth in surface area irrigated often do not follow actual trends: for instance Buysse estimates that irrigation will rise by an average of 60,000 HA per annum, arriving at the goal of 4m HA by 2000. Table 4, above, shows that the average increase in area seldom comes near his estimate.

iii) Structure of Production

The structure of Spanish agricultural production is roughly the inverse of the EEC, if the Community of nine is taken as a single unit. If we take aggregate 1980 production figures as an example, 60% of EEC9 agricultural production was in animal products (livestock and dairy products), compared to 42% in Spain. In the same year, fruits and vegetables made up 58% of Spanish agricultural production, compared to 40% in the EEC9.⁷³ In terms of the share of major sectors in final agricultural output, the structure of the Spanish primary sector is comparable to Italy.⁷⁴ On this count, at least, Spanish agriculture is not so "dissimilar" to a member of the EEC: it shares Mediterranean characteristics with Italy, and parts of Southern France. It is true that Spain does not possess the "northern" character of such Members as Britain, Germany, Denmark or the Netherlands, towards which the CAP orients. During the negotiations, this evidence of "heterogeneity" was used by some member states to show that Spanish membership could make the CAP unworkable. However, the CAP is itself "northern" in character: most of its intervention regimes finance "northern" products, and "southern" or "Mediterranean" products (with the exception of wine and olive oil) receive low levels of intervention, if any.

The general statistics given above, however, do not fully illustrate the Spanish case. Production concentration of agricultural commodities varies greatly across regions, as shown in Table 5, below.⁷⁴ Figures 3 and 4 show the agricultural regions and provinces of the country. Some production concentrates in single or few regions (such as bananas in the Canary Islands). Other regions, or provinces within regions, display great diversity of production. Certainly agricultural wealth and diversity appear to go together in Spain: wealthy regions, Levante and Nordeste show enormous diversity, as major produ-

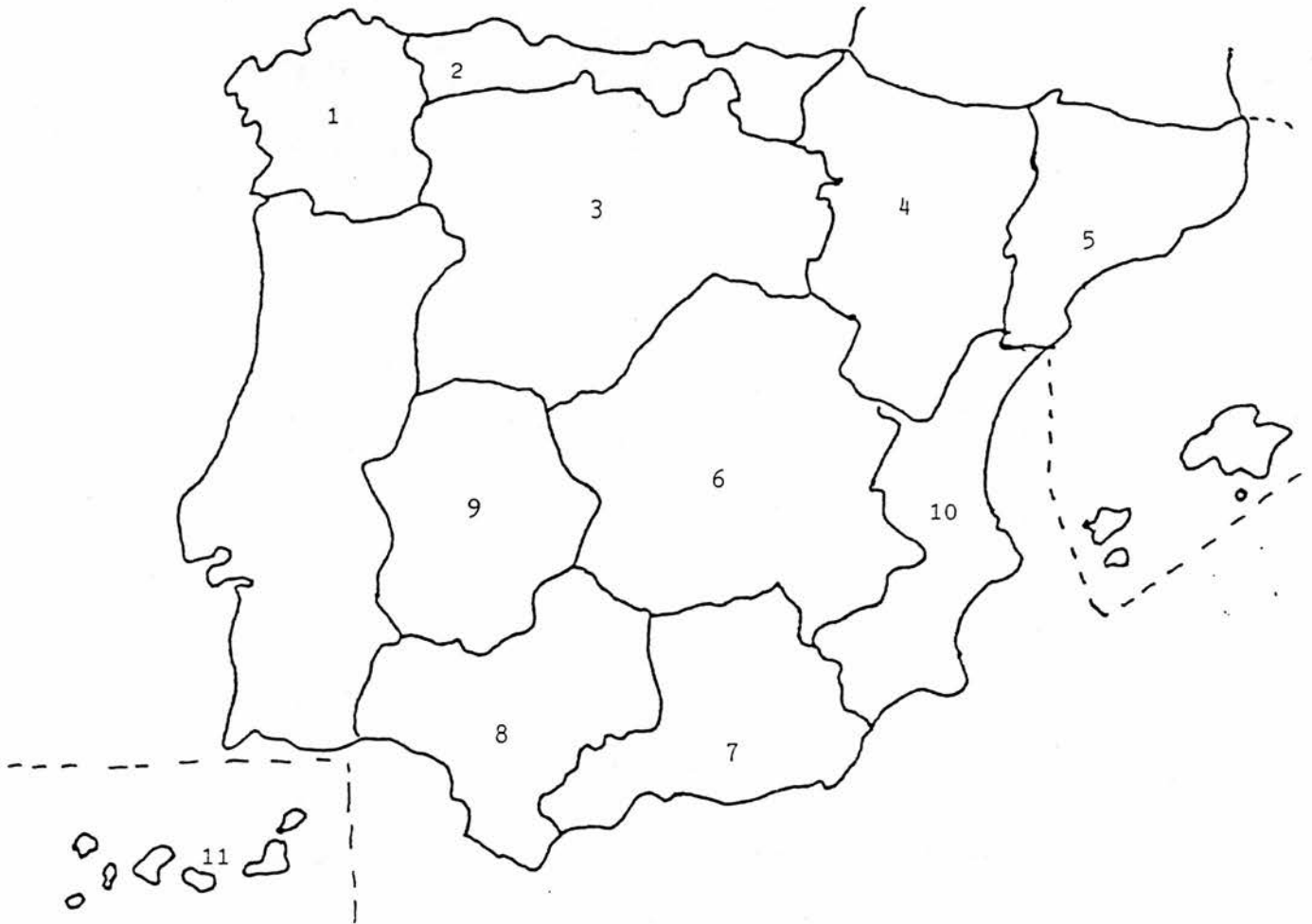
TABLE 5

REGIONAL CONCENTRATION OF AGRICULTURAL PRODUCTION IN SPAIN

PRODUCT

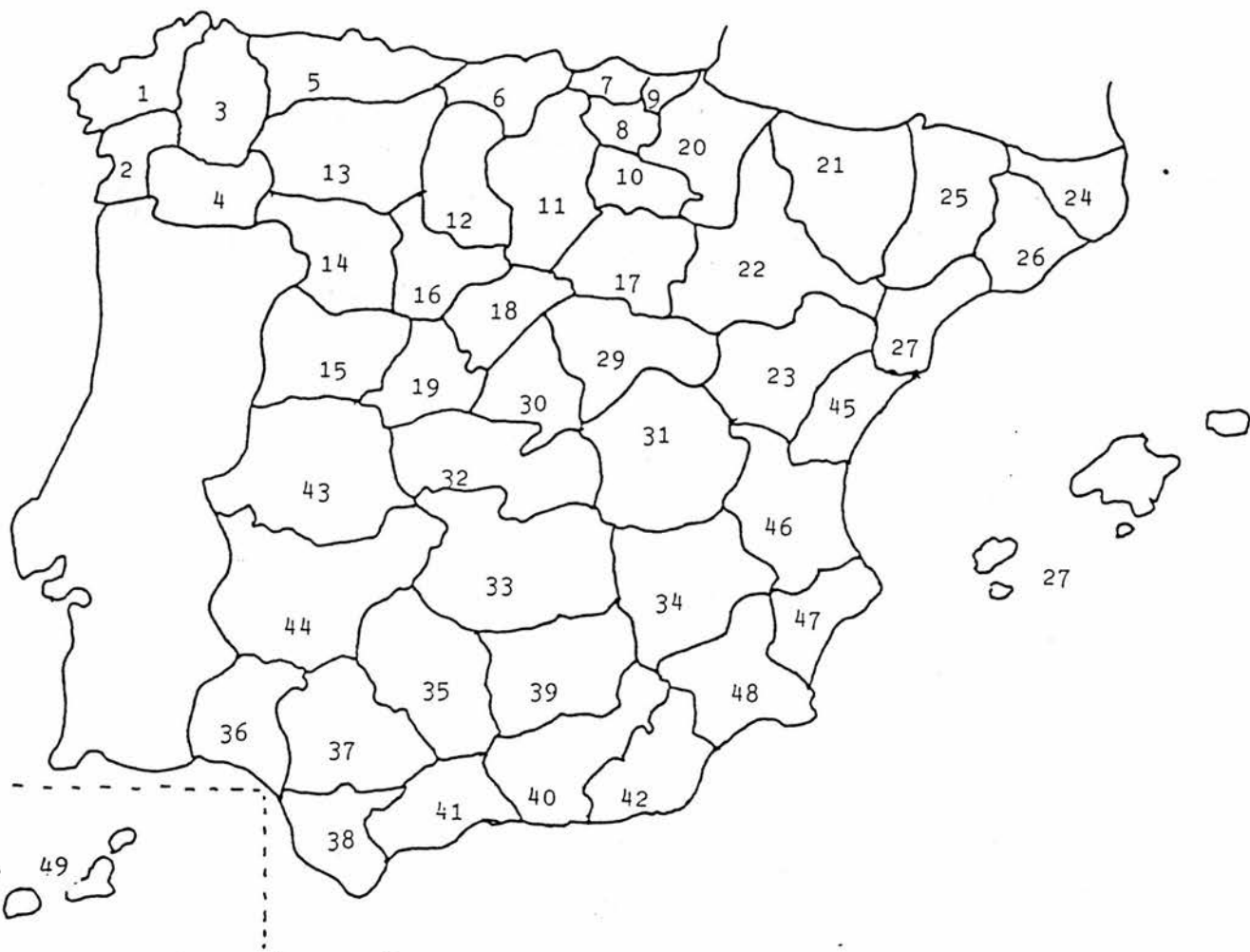
REGION	LIVESTOCK	CEREALS	FRUIT	VEGETABLES	FISH	PULP	SEEDS	WINE	OTHER	TOTAL	CEREALS	FRUIT	VEGETABLES	FISH	PULP	SEEDS	WINE	OTHER	TOTAL
<u>Galicia</u>																			
LA CORUÑA	x																		
PONTEVEDRA	x																		
LUGO	x																		
ORENSE	x																		
<u>Norte</u>																			
ASTURIAS	x																		
SANTANDER	x																		
VISCAYA	x																		
ALAVA																			
GIPUZCOA	x																		
<u>Duero</u>																			
LOGROÑO	x																		
BURGOS	x																		
PALENCIA	x																		
LEÓN	x																		
ZAMORA	x																		
SALAMANCA	x																		
VALLADOLID	x																		
SORIA	x																		
SEGOVIA	x																		
AVILA	x																		
<u>Ebro</u>																			
NAVARRA	x																		
HUESCA	x																		
ZARAGOZA	x																		
TERUEL	x																		
<u>Nordeste</u>																			
GERONA	x																		
LERIDA	x																		
BARCELONA	x																		
BALEARES	x																		
TARRAGONA	x																		
<u>Centro</u>																			
GUADALAJARA	x																		
MADRID	x																		
CUENCA	x																		
TOLEDO	x																		
CIUDAD REAL	x																		
ALBACETE	x																		
<u>Andalucía</u>																			
<u>Occidental</u>																			
CÓRDOBA	x																		
HUELVA	x																		
SEVILLA	x																		
CADIZ	x																		
<u>Andalucía</u>																			
<u>Oriental</u>																			
JAÉN	x																		
GRANADA	x																		
MÁLAGA	x																		
ALMERÍA	x																		
<u>Extremadura</u>																			
CÁCERES	x																		
BADAJÓZ	x																		
<u>Levante</u>																			
CASTELLÓN	x																		
VALENCIA	x																		
ALICANTE	x																		
MURCIA	x																		
<u>Canarias</u>																			

FIGURE 3
SPANISH AGRICULTURAL REGIONS



- | | |
|-------------|-------------------------|
| 1. Galacia | 7. Andalucia Occidental |
| 2. Norte | 8. Andalucia Oriental |
| 3. Duero | 9. Extremadura |
| 4. Ebro | 10. Levante |
| 5. Nordeste | 11. Canarias |
| 6. Centro | |

FIGURE 4
SPANISH PROVINCES



- | | | |
|----------------|-----------------|----------------|
| 1. La Coruna | 18. Segovia | 35. Cordoba |
| 2. Pontevedra | 19. Avila | 36. Huelva |
| 3. Lugo | 20. Navarra | 37. Sevilla |
| 4. Orense | 21. Huesca | 38. Cadiz |
| 5. Asturias | 22. Zaragoza | 39. Jaen |
| 6. Santander | 23. Teruel | 40. Granada |
| 7. Vizcaya | 24. Gerona | 41. Malaga |
| 8. Alava | 25. Lerida | 42. Almeria |
| 9. Guipuzcoa | 26. Barcelona | 43. Caceres |
| 10. Logrono | 27. Baleares | 44. Badajoz |
| 11. Burgos | 28. Tarragona | 45. Castellon |
| 12. Palencia | 29. Guadalajara | 46. Valencia |
| 13. Leon | 30. Madrid | 47. Alicante |
| 14. Zamora | 31. Cuenca | 48. Murcia |
| 15. Salamanca | 32. Toledo | 49. Las Palmas |
| 16. Valladolid | 33. Ciudad Real | |
| 17. Soria | 34. Albacete | |

cers of 27 and 15 products respectively. Coincidentally, these regions specialize in products for which the state intervention is weak. Farmers in Levante and Nordeste tend to favour the enlargement process, as the agricultural economy in these regions is dynamic and capable of surviving changes inherent in the transition process. The poorest regions, Galicia, Canarias and Norte, display limited diversity, as major producers of 6, 3, and 1 product respectively. These poor regions also suffer from minifundist land structures, and (in the cases of Galicia and Norte), poor intervention regimes and marketing mechanisms for their major products: meat and dairy produce. **This makes northern farmers especially vulnerable to European competition — a fact seldom mentioned by the EEC.**⁷⁶ Thus, the regional character of the Spanish primary sector displays both advantages and vulnerabilities seldom mentioned in EEC circles.

Spain's production concentration on fruit and vegetables concerned some EEC countries, ostensibly because of its surplus-producing potential, and its financial implications on the CAP. In fact the fine line dividing self-sufficiency, the policies used to attain that state, and the superabundance indicative of the present (and long-standing) budgetary nightmares of the Community, is easily crossed. Doubts about Spain's potential to create further surpluses, for which the Community would have to pay, followed two particular lines.

Firstly, the net creditors of the Community expressed concern about products near, or already in, surplus, and for which highly favourable CAP intervention regimes already existed: sugar, wine, and olive oil. The concern here was real and justifiable, considering that Spain is the world's largest olive oil producer, and a major global producer of wine. Spain became self-sufficient in sugar during the negotiations. However the extent of the potential problem (or cost) was

very controversial: the most pessimistic positions taken by some Members were supported by forecasts containing highly optimistic assumptions about the potential for growth in production, particularly in olives and wine grapes, which did not take account of climatic, geographic, or domestic legal restrictions limiting production.⁷⁷ Even if climatic and geographic disadvantages could be alleviated through increased use of inputs, there is no guarantee that the state would lift its restrictions, unless they were incompatible with the *acquis communautaire*. If this was the case, the impact of CAP intervention regimes would be limited. Secondly, some states seeking to head off a new wave of surpluses before they occur are themselves guilty of creating massive and expensive surpluses. The motive for "heading new surpluses off at the pass" (i.e. before they began) here appears to be to maintain some Members' positions in surplus sectors (such as cereals, dairy, and meat) at the expense of the new members.⁷⁸ It is suggested here that the amount of alarm produced by member states is proportional to the state of its existing self-sufficiency: the major surplus states appear to have complained the loudest, perhaps to defend the interest groups involved. This particular argument can only be verified by examining the self-sufficiency rates of each EEC country, and of the EEC as an aggregate, and of the applicant states. This is shown in Table 6, below, which should be compared with Table 4 in Chapter 5, and the tables in Appendix 4.

A further line of argument against Spain concerned competitiveness, or its lack. Some sectors, such as the Spanish cereals, dairy and meat sectors, were criticized for their inefficiency, while others were castigated for the opposite sin of excessive competition -- mainly in fruits and vegetables sectors.⁷⁹ The prospect of inefficient cereals and dairy production brought fears of endless price support wi-

TABLE 6

COMPARISON OF AVERAGE PERCENTAGES OF SELF SUFFICIENCY 1975-1980

Product	Country		
	S	EC9	EC12
Soft Wheat	108*	84	-
Durum Wheat	-	84	-
ALL WHEAT	104	-	103
Barley	114	107	104
Maiz	35*	55	47
Rice	121	93	-
Rye	101	98	97
Oats	105	97	97
ALL CEREALS	87	87	86
Butter	90	100	115
Milk	99	100	100
Beef	87	100	95
Pork	103	100	100
Sheep	100	66	64
ALL MEAT	~160	98	-
Poultry	100	104	112
Eggs	101	108	101
Sugar	105	113	112
Wine	100+	100	103
Grapes			
Olive Oil	~170	88	115
Apples	103	99	-
Pears	104	101	109
Potatoes	103	99	100
Citrus Fruits	243	51	78
Tomatoes	100+	94	100+
Vegetables	111	-	98

SOURCES: Eurostat; A. Camilleri et al (1984); EEC Commission.

thout concomitant modernization, stated implicitly or explicitly, despite the remote ability of Spanish dairy farmers to take advantage of the CAP dairy regime.⁸⁰ The problem of "excessive competitiveness" appealed directly to the weaknesses of EEC agriculture ministers' special interest lobbies demanding protection. Spain had to plead guilty to producing many fruits and vegetables of higher quality, more cheap-

ly and earlier than its French and Italian competitors. The problem in this case was **not** the expense of intervention -- products in this sector have weak intervention mechanisms -- but the continued protection of existing members' markets against the "Spanish invasion".

Once again, neither weakness nor strength served the Spanish delegation well against European arguments. There is no doubt that the European arguments lacked consistency for the Community as a unit; however they were perfectly consistent with the pursuit of self-interest of its parts.

iv. intervention structure

About 60% of Spanish agricultural products are covered by some form of intervention regime, whereas in the EEC coverage reaches approximately 90% of products. The form and effectiveness of intervention varies greatly according to product in Spain; while the EEC relies on prices to guide the form and level of intervention in markets, with a few other mechanisms. Compare Table 7 below and Table 1, in Chapter 5, below. Generally the level of financial support in agriculture is much lower in Spain than in the EEC, with notable exceptions, such as the protected but weak dairy, sugar beet, and cereals. This protection is poorly utilized because of structural deficiencies, poor productivity, lack of modernization, and poor marketing mechanisms -- unlike the EEC which increased production (if not always productivity) under the CAP in these sectors. Despite the high levels of protection and intervention, these sectors are vulnerable to the CAP.

Much Spanish agricultural intervention occurs in a quasi--state form: the state contracts private sector entities to store, transform, or otherwise intervene in markets. Apart from sugar and cereals, only in the field of agricultural import and exports does the state exhibit

TABLE 7

SPANISH AGRICULTURAL INTERVENTION REGIMES

SECTOR	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
	TYPE OF INTERVENTION																						
Fruits	F	X*	X*															X					
Citrus Fruits	F	X	X															X					
Vegetables	F	X*		X								X				X		X	X				
Tomatoes (for industry)	F	X?																X					
Fresh Tomatoes	F	X														X	X	X?					
Olive Oil	C/F																X						
Wine	S			X	X							X						X					
Barley	S						X					X									X		
Corn	S							X										X			X		
Soft Wheat	S				X												X	X			X		
Durum Wheat	S				X												X	X			X		
Rice	S				X												X	X			X		
Beef	F				X			X									X		X				
Pork	F				X			X		X							X						
Sheepmeat	F				X												X						
Poultry																	X						
Dairy	F																						
Sugar	F/C/S			X				X	X	X			X					X		X			

Source: A. Camilleri, et al (1984); L. Benelbas (1983).

Explanatory Notes

- 1 Agencies: F = Forppa, C = CAT, S = SENPA
- 2 other agencies, sectoral committees, etc.
- 3 (* indicates only some products)
- 4 denomination of origin
- 5 quality norms (* indicates some products)
- 6 guaranteed production price (testigo)
- 7 inferior intervention price
- 8 superior intervention price
- 9 (state) buy-in price
- 10 aids to private storage
- 11 aids to transformation for storage
- 12 transform for storage
- 13 subsidy to industry to
- 14 restrictions on planting
- 15 restrictions on irrigation
- 16 restructuring aids
- 17 export restitutions
- 18 state import/export monopoly
- 19 or state authorisation required
- 20 imports and exports liberalised
- 21 state intervenes only when market is in severe disequilibrium
- 22 consumer subsidy (maximum selling price)
- 23 producer prices according to prices according to crop variety region (region = quality) indicative price

a strongly monopolistic tendency in most sectors, as a mechanism to control domestic supply. Spain thus emphasizes the market element much more than the EEC. Overall, intervention mechanisms in Spain do not complement CAP regimes, but one very thorough and sophisticated Spanish study does not foresee major disruptions in Spanish agriculture as a result of CAP application.⁸¹

Intervention in three sectors stands out in Spain as particularly anomalous, because of their higher effectiveness when compared with existing EEC regimes: wine, olives and rice. The emphasis on quality over quantity, cultivation according to naturally favourable conditions, and on macroeconomic planning stands out in each case.

For wine grapes, as noted elsewhere, production is controlled through bans on irrigation (also thought to improve the quality of the wine while it lowers production at the same time), and strict control over varieties in new planting programs. In the EEC, planting, not variety is controlled: emphasizing limits on area planted, not quantity or quality control. It also fails to solve the problem. The "denomination of origin" licensing program is also oriented toward improving the quality of production, and enhancing marketing (for instance, for Rioja and Valdepenas wines). Some problems exist, for example regarding the mixture of white and red wines, which is common in Spain but illegal in the EEC. The Community began ineffective measures aimed at improving wine quality, a ban on planting and incentives to "grub up" old vines only in 1980.⁸² Such measures have existed at least since the 1960s in Spain. In the EEC, measures to limit production through banning or strictly limiting planting (but without reference to variety), and to encourage the "grub up" of old vines all seek to discourage overproduction, and even increase the change over to quality wines. However such measures proved unsuccessful overall, as they

failed to halt French overproduction in particular: the French response to EEC initiatives has been to increase yield per hectare, rather than UAA, and maintain or increase overall production by using irrigation and other inputs. Such a response achieves the worst of all worlds for the superabundance problem: it keeps the cost of wines produced high (through the use of inputs), overproduction continues, and the necessary upgrade in wine quality does not occur. In the face of such a policy failure, it is easy to discern French qualms about allowing highly competitive Spanish wines into Community markets -- at a price up to 33% cheaper than the French product.⁸³

The effect of the olive sector also emphasizes quality over quantity in production, but in addition contains a social element. Regions in southern Spain which traditionally produce olives contain populations with a large percentage of landless rural labour whose living conditions are extremely poor, but whose lives and work centre around the monocultivation of olives. Government policy in this sector seeks to alleviate conditions of poverty, emphasizing creating a viable sector by concentrating production in the most productive areas only, using incentives and disincentives accordingly. The price paid to producers for olive oil depends on its quality.

In the rice sector, crop restriction is designed to address social, geographic considerations, as well as sectoral viability. The state determines these macroeconomic considerations -- while in the EEC farmers determine production, and quantity.

The EEC and Spain also remain distinct with regard to the orientation of intervention. In the EEC, of the principles/goals espoused in Articles 38 and 39 of the Rome Treaty, self-sufficiency and farm incomes have taken precedence over all else through a system of price supports for (northern) products which rewards farmers for their ef-

forts no matter their cost of production. Until the advent of milk quotas and co-responsibility levies (long after the enlargement negotiations began), virtually none of the extant CAP regimes possessed any mechanisms for limiting production. It is probably fair to say that the problem was not anticipated by the CAP's original drafters, and was not treated with any urgency until the problem of superabundance coincided with budgetary and distributional disputes within the Community.⁸⁴ It certainly fails to make the CAP a paragon of agricultural intervention.⁸⁵

The fact of CAP protectionism in surplus or self-sufficient products, and its orientation toward free trade in deficit products exacerbates the problem noted above. This is because neither internal nor international supply and demand conditions affect the efficiency or the quantity of the surplus products produced.⁸⁶

In contrast, Spanish policy did not favour farm incomes so heavily. Consumer subsidy for key foodstuffs constituted a major part of policy at least until the late 1960s, when the percentage of disposable earnings spent on food began to drop.⁸⁷ Similar policies occur in Greece and Portugal for the same reasons. Unfortunately for Spain, those sectors which evolved under the greatest state protection also failed to attain self-sufficiency, and thus failed to transform themselves to the needs of modern society. The difficulties in the cereals and dairy/beef sectors are certainly exacerbated by the backward structures in the regions concentrating on these sectors, but state aids discourage incentives to change and modernize toward a modern capitalist economy, with the land reform, political and social difficulties entailed. This situation must be compared to those sectors which receive very few aids, which tend to be dynamic, healthy and at a higher level of development/modernization, such as the fruit and ve-

getable sectors. Since 1969, policy oriented the entire primary sector on a more market-oriented footing, which further exposes the anomalous weak sectors.

The differences between the EEC and Spain with regard to intervention can be simply stated, according to major sectors. The EEC made much of these differences during the negotiations, probably to justify its positions, but on the whole the Commission (which undertook the research for the Members) did not believe that Spanish transition to the CAP would be overly painful for either party.

The Community's major worries centred on few sectors. With regard to cereals, dairy, meat (especially beef) and rice, the Community raised three relevant points: firstly, the existence of state trading, which it rightly concluded prevented the existence of producer organizations; secondly, state trading prevented the necessary (and sensitive) relationship between producers and their markets, including price relationships.⁸⁸ The Spanish delegation accepted the need to abolish its monopoly position in the relevant sectors (cereals, tobacco, sugar, rice, hops), but pointed out that it could destabilize the rice sector, in which state trading/marketing policy acted as a positive equilibrating and regulating mechanism. Spain also accepted that the poor producer organization infrastructure was directly related to the mode of state intervention, and that it must create private producer organizations; indeed legislation to this end already occurred during the transition to democracy.⁸⁹ With regard to arguments about the transparency of markets and prices, or the ability of producers to react to conditions of supply and demand in these sectors, the EEC accused Spain of problems also present in the CAP. Certainly the CAP regimes' own price inelasticity in the cereals and dairy sectors do nothing to encourage producers to respond to basic supply and demand

conditions, which in turn encourages the surpluses from which the Community now suffers. Moreover, the distortions caused by CAP intervention distort the market and themselves create difficulties with regard to transparency in markets and prices, although to a lesser degree.

Spain, for its part, was very concerned about the effect of a change in intervention mode in its weak sectors, something of which the EEC was aware but not totally sympathetic. The Community proposed a "conventional transition" for the dairy sector, provided that Spain tackled structural problems first. Spain, however, desired assurances that its vulnerabilities would be protected during transition, and European structural, regional, and social funds to support and cushion the transition. The cereals, dairy and meat sectors suffer from structural problems already noted, and the impact of a comprehensive price rise in feedgrains, after losing cheap supplementary imports at world prices would be devastating, particularly for beef and pork production. The lack of effective producer organizations to diffuse the problem would only exacerbate matters. Spanish negotiators also pointed out the difference between the required legislation for producer organizations, and the actual creation of competent producer organizations, which required time not allowed for in a conventional transition. The Community seldom mentioned such issues in public discussion.

The Community identified the fruit and vegetables sectors as another cause for concern. The absence of comprehensive quality norms covering all products (only some products were covered in Spain), did not create any significant problems, as both sides felt they would be relatively easy to institute. The major concern directed at these sectors arose from **competition**: namely, the disruption of internal EEC markets because of Spanish competition. The orientation of the Commission's solution to the problem aimed at limiting the free movement

of goods and a temporary freeze in Spain-EEC10 trade in "sensitive" sectors, and of medium and long-term incentives to "adjust" Spanish production to early and late varieties to avert competition. A further problem arose with the introduction of the Integrated Mediterranean Programmes (PIM), and its effect on these sectors. Once again, the Community's defensive attitude evidenced itself: such proposals did not direct themselves at making production more rational, but at protecting existing producers against Spain.⁹⁰ There appeared to be little appreciation for the fact that existing EEC regulations excluded intervention from any products not covered domestically by producer organizations -- which would leave Spain vulnerable. Such a defensive attitude is surprising given the small part intervention plays in the fruit and vegetables sectors, but individual interests played a major role in the Community negotiating posture on the issue.⁹¹

The strictness of Spain's wine regime comforted Community analysts, who did not believe (despite some gloomy public protestations to the contrary) that Spanish adoption of the *acquis* would unduly disrupt any party. However, it also encouraged a "hardline" EEC position with regard to any possible changes to the *acquis* -- which the EEC did not wish to countenance, particularly regarding *coupage*. Despite this, French wine farmers in particular vociferously voiced their interests, duly expressed by their ministers in Council meetings on the topic. This became a major obstacle in the negotiations.⁹²

The olive oil sector concerned both sides of the negotiation. With the addition of Greece to the Community, olive oil self-sufficiency reached about 97%, and the addition of Spain and Portugal would create an estimated surplus of about 22%, given the existing regime. The existing regime addressed a deficit in vegetable fats and oils, not the possibility of a surplus, and both sides feared that the liberal regu-

lating mechanisms would create an explosion in structural surplus capacity. All the major olive producing countries (Greece, Portugal and Spain) had very strict regimes oriented at stimulating high domestic production of olive oil in preference to other vegetable oils. Given its regional concentration, socio-economic importance in producer countries, and high production costs, solutions to the problem were limited for both sides.⁹³ Once again, the EEC's answer was to pressure Spain, with an already strict regime, to make the changes and "pay" the price of accession, if only to forestall the collapse of a market, rather than to restructure policy completely in the oils and fats sector. But the oils and fats tax proposals failed to address the problem of overproduction, but cast the burden, once again, on the consumer.⁹⁴

B. Trends in Spanish Agriculture

Spanish agriculture policy since about 1969 emphasized the market economy. After Franco, this emphasis was implicit in Articles 48, 51 and 52 of the Constitution, which laid down guidelines for the free market, consumer rights and protection, and the existence of (democratic) professional organizations.⁹⁵ The rights of the state to aid in sectoral and economic planning were enshrined in Articles 130 and 131, with agriculture (as a sector), and some predominantly rural geographically disadvantaged areas (such as mountainous regions) specifically mentioned. Consistent policy between regimes and parties, evidenced by the emphasis on equilibrating supply and demand through intervention mechanisms, encouraged modernization in most of the sector.

However, total success had not occurred by the time Spain applied to join the EEC. Land reform progressed slowly, due both to rural resistance, state reticence to annoy large landowners, and the lack of

personnel or enforcement mechanisms. Irrigation progressed, retarded by the lack of private investment funds. These factors impeded the balance of development and modernization, both by sector and region.

The interdependence of the cereals, dairy and meat (especially beef) sectors, and their structural backwardness made alterations to the system of state aids and intervention to them difficult. Yet while the system of intervention remained unchanged, producers continue to produce too little, too inefficiently without sufficient pressure to adapt to domestic market conditions -- and the changes needed would have to begin (in the dairy and beef sectors) with land reform, and all its attendant social and political problems. This vicious circle had not been broken at the point of EEC application, and these vulnerable sectors became a bargaining liability -- they were vulnerable unless the EEC consented to special measures to cushion the changes.

The progressive commercialization of agriculture also turned two major intervention institutions into anachronisms: the "executive" bodies SENPA and CAT have been whittled away and institutionally undermined by FORPPA, which in all probability will become Spain's sole intervention authority after the transition. This circumstance may provide the Spanish Ministry of Agriculture with the opportunity to create new, flexible and effective mechanisms for agriculture, within the scope of the *acquis*. The dismantling of institutions within governments is always a sensitive and contentious issue: even when they are redundant or anachronistic, but enlargement could depoliticise the issue and enable the government to effect broader institutional reforms than it could have embarked upon alone.⁹⁶

With regard to production policy the Ministry pursued a maximum self-sufficiency policy in all sectors. This was partly for sensible economic reasons (to cut the agricultural trade deficit), but also for

bargaining purposes. The nuts and bolts of the detail phase of negotiations concerned arguments over Spanish transitional quotas based on average production figures over three years. The higher Spain's "average" production, the higher its quota for export into the Community would be during the transition. This included inducements to encourage sugar production, for example, which is a surplus commodity in the EEC: Spain became self-sufficient during the negotiations, and thus procured a larger sugar production quota from the Community during the transition in the Accession Treaty. Carlos Tio, a high official in the Agriculture Ministry, defended this policy.⁹⁷

Even if Spain had legislatively adopted all the structural measures the Commission recommended before accession, the time lag between legislative implementation on the one hand, and feedback from results on the other, would have made it impossible to determine by the date of accession whether or not it would be for the Community to concede aid or transitional measures to help Spain.⁹⁸ Thus, the sincerity of the "wait and see" proposals of the Community must be in doubt for practical reasons.

The Spanish government recognized the need for development and modernization to some degree in most sectors, and also the regional element this would entail: all efforts must discourage the creation or perpetuation of structurally disadvantaged regions. To this end, Spanish negotiators were most insistent on guarantees of EEC structural, regional and development aid funds being made available to all relevant regions and sectors forced into significant alterations to comply with the *acquis*. The Community, predictably, strove not to make any open-ended commitments to Spain.

3. POLICY AND NEGOTIATING POSITION

As noted earlier, Spanish delegations generally insisted on negotiating on the basis of equality between parties -- a traditional norm in international negotiations. This makes an explicit norm of the "give and take" or *quid pro quo* idea, aimed at appeasing both sides to the agreement. In the eyes of the Spanish delegation, the operational meaning of this would tie the sensitive Spanish issue of industrial tariff "disarmament", which the Community demanded and Spain feared, to the EEC's concession of trading advantages in Spain's favour in the primary sector. This position created immediate problems for Spain in the negotiations. The strength of Community interest in the industrial sector, and the admittedly excessive tariff protection Spanish industry hitherto enjoyed together created an inherent weakness in the Spanish position. Protection had to end, whatever the vulnerability involved.

With regard to the agriculture chapter of discussions, no matter how "correct" Spanish arguments were, their position was weak in terms of the ability to confront the powerful, tenacious and entrenched interest groups defending the *status quo* of the CAP on the one hand, and protection from the Spanish "invasion" on the other. Spain sought to reply to both counts by transcending the issue of individual interest, appealing to "Community spirit" and the good of the Community as an entity. Given that the articulation of individual interest was the norm of EEC negotiation/decision-making, the Spanish position, however laudable, was doomed to the mercy of the Members. Thus, while the *quid pro quo* link between agriculture and industry appeared to be sensible in both negotiating and normative terms -- indeed the Spanish team sought unsuccessfully to maintain the link until the end of negotiations -- the European distribution of power and interest milita-

ted against Spain. Appeals to impartial justice alone failed in a situation in which nearly all the EEC players perceived that Spanish accession threatened the delicate configuration of interests, benefits and sidepayments hitherto constructed.

From this general point, we may move on to more specific aspects pertaining to the Agriculture Chapter. Naturally Spain wished to maximize opportunities and minimize vulnerabilities. With regard to opportunities, Spanish representatives wanted a maximum of flexibility by the EEC on the fruits and vegetables sectors, in which they were highly competitive. In particular, the positions on citrus and Mediterranean products were outstanding.⁹⁹ But while Spain pursued its strengths, Members sought protection from the incomer by creating policies which could or would exclude Spanish products, or include them late, or partially, upon enlargement.¹⁰⁰ Spain wanted a quick, uniform transition, while the EEC sought to "protect itself", or stave off difficulties, through a long transition and frozen trade".

With regard to wine, olive oil and sheepmeat, Spain wished to maximize opportunities, and (in wine and sheepmeat particularly), increase their exports to other Members. The possibility of overproduction -- valid or not -- made the EEC take a hard line on wine and olive oil, but not on the deficit product of sheepmeat. Once again, proposals for transition periods differed.

With regard to protecting vulnerable sectors, Spain pressed hard for the recognition of the cereals, meat and dairy sectors as already noted. The Spanish delegation strenuously defended the need for special aids and consideration in these sectors.¹⁰¹ Their position in this respect was problematic -- their most vulnerable sectors were precisely those most protected and oversupplied in the Community, and which, because of their cost and embarrassing surpluses, came under

increasing attack by budget-conscious Members and critical interest groups. Unless Spain received aid in these sectors, not only would many of Spain's poorest farmers be disadvantaged by the structure of the extant system, they would, in the case of the dairy and cereals sectors, not even be able to take advantage of the CAP regimes as they lacked producer organizations. Furthermore, while the Commission recognized these quite definite problems, the Council appeared to ignore them in the course of most of the negotiations.

A cynical interpretation of this state of affairs points to the fact that keeping CAP organizations untouched for Spain would help to rid the Community of some surpluses, even if it seriously damaged Spanish sectoral interests. Such a stand might be easy to take in a Council of 10 Ministers, in which decisions about restructuring these sectors tend towards the cosmetic and short-run, not long run solutions, in order to balance diverse and entrenched interests.

The Spanish strategy differed with regard to sectors in which Spain could hope to be competitive with the Community. The sugar sector, noted above, is a case in point. The use of Community "historical averages" encouraged high production policies in the sector, for the sake of maintaining a Spanish "fair share". The maintenance of Spain's "fair share" would exacerbate the Community's sugar surplus, but it prevented Spain's sugar refining industry from having to import (costly) Community beet for production. It was a rational national policy, but irrational for a Community of twelve.

The above discussion touches on an essential element of the negotiations which was totally out of Spanish control: the problem of CAP reform and EEC finances. There is no need to go into the very well rehearsed issues involved in these problems at this point, but we must note that the prospect of the third enlargement -- and Spanish acces-

sion in particular -- made these matters yet more urgent. The impact of the Spanish economy threatened the EEC's delicately balanced network of package deals and side payments aimed at *appeasing* the interests of each individual in the Community.

Thus all Members perceived that the Community's resources already stretched to their limit, and feared Spain would upset their "positions". As soon as Spain submitted its application to the Commission, a defensive, "bunker mentality" appeared in states which suddenly found that previously advantaged sectors would be exposed to Spanish competition, and corresponding interest groups would be affected. France in particular took this position with regard to agriculture, calling at various times for a "pause", or an "inventory" of contentious issues, owing to both its northern and southern sectoral interests, and also to the change in its status as a contributor in the EEC.¹⁰² The traditional paymasters of the Community, Germany and Britain, for their part, wanted to see some budgetary control exercised -- which meant reforming the CAP *before* enlargement could proceed. Faced with the two inextricably intertwined arguments, which also emphasized the defensive and protectionist orientation of the EEC, Spanish negotiators were forced to wait for the Council to resolve these issues before proceeding with the negotiations. Council reluctance, or inability, to confront the structural problems apparent eventually stalled the negotiations for over twelve months. At the same time, the onus for discussions was often put on Spain -- hence reports noting that *because* of the enlargement, these problems were recognized and had to be solved.

In fact, the structural problems of the Community in both the CAP and the budget were recognized as early as the first enlargement, when the Community focused on Britain as the source of a similarly defensi-

ve mentality for industrial reasons. Spanish and Portuguese accession did not create the problems the Community suddenly appeared to recognize, but they made the solutions to those problems more urgent.

Given these circumstances, in which major policy changes were to occur in a manner taking account of Spanish accession before Spain acceded, the Spanish delegation requested to be present at Council reform talks, to put its position. This request, to their frustration, was denied. The Spanish delegation bitterly resented the fact that discussions and decisions on which the outcome of enlargement depended would occur without any reference whatever to their own vital interests. Camilleri expresses Spain's position very well, recounted to the author in interviews by different government sources in Spain:

A primary consideration consists in the fact that the Spanish government should have a participatory voice, but not a vote, in the Community discussions about CAP reform....The Community should count on the opinion of affected countries.

Spanish negotiators should support any proposal for CAP reform which contributes to better the norms covering Mediterranean produce generally, and particularly fruits and vegetables.

With regard to the proposals of the European Parliament.... it is wise to underline, however, prudence, owing to the delicate internal equilibrium of the European Parliament's position with respect to the aids which today exist in favour of northern European farmers. They have spoken only of "harmonization", not of suppression, on the basis of a predetermined calendar.¹⁰³

In most instances, then, the Spanish delegation could only respond with its opinions on decisions taken which would change the *acquis*, but which also irrevocably altered -- or perhaps loaded -- the negotiation process seemingly without positive reference to themselves. This situation made Spanish negotiators seek to "flexibilize" the Community stance, nearly always to no avail.

Until the PSOE government took charge of the negotiations, there

appeared to be little Spain could do to alter this state of affairs, as they could not come up with any negative or positive elements with which to coerce or cajole the minds of the Council of Ministers. However, the unlikely linkage of the issue of NATO membership, and pronouncements of pursuing an entirely different foreign policy orientation if the Community continued to prevaricate and deny Spain any satisfaction, appeared, at last, to concentrate Community minds in a more constructive fashion.

CHAPTER FOUR

THE PORTUGUESE CASE

INTRODUCTION

The Portuguese case differs from Spain in several respects, because of the varied and extensive nature of Portugal's endemic weaknesses. These ranged from the Revolution and its after-effects, the political and policy-making impotence of its governments, its poor and deteriorating economic structures, and a public conditioned to being ignorant and apathetic. Firstly, the political instability created by the Revolution spilled over into the constitutional governments, and the Constitution itself failed to provide a basis for the efficient working of government.¹ Government instability adversely affected the organization and operation of ministries, which led to a policy-making and implementing impasse. These in turn prevented Portugal from bargaining effectively with the EEC. Secondly, Portugal's socially and politically controversial constitution proved incapable of being implemented, for lack of social, political and economic prerequisites. Portugal was not developed enough for its constitution.² Thirdly, its weak and open economy left it highly vulnerable in negotiations with the Community. Finally, while Spain's public demonstrated awareness

and support for the enlargement process, the Portuguese public displayed ignorance and apathy. The government, for its part, failed to encourage, educate and inform its population in preparation for enlargement.³ These factors encouraged the EEC to discount Portugal's importance in the third enlargement, especially when taken alongside her slight economic, social and political weight in comparison to Spain's.

These factors, and the efforts required to adapt to them, limited Portugal's ability to formulate effective policies or positions for either internal or external purposes, severely limiting their strength and flexibility in negotiations. This chapter illustrates these circumstances, and identifies Portugal's difficult position in the negotiations. But, given the poor quality of data on Portugal, we cannot render an account as clear as Spain's. Portugal's small size, lack of development and political and economic weaknesses all damaged her bargaining position at the outset. She was an emphatic *demandeur* for entry into the Community, and her negotiators knew it. These endemic weaknesses explain the Portuguese delegation's general ill-preparation during most of the process: without definite, well-articulated policies upon which to base bargaining positions, they foundered. Despite this, all Portuguese delegations pursued a general strategy of *compensatory justice*, seeking to extract maximum concessions from the Community precisely because of their weak position. However, even this strategy depended on articulated goals and definitions of interest, which they did not possess. Portugal depended on the Community's initiative in the negotiations and for its internal policy planning alike -- a poor strategy, given the EEC's own policy impasse.⁴ This further weakened Portugal's already feeble bargaining position.

This chapter examines the factors conditioning Portugal's part of the negotiations in agriculture, and relates them to its postures (or

lack thereof) and behaviour at the bargaining table. Portugal's "policy drift" compares starkly with the high degree of organization and coherence found in Spain. As with the Spanish case, it firstly examines Portugal's institutional structure, showing that Portugal, too, had few actors in the process -- but also that they were ineffective. It covers constitutional provisions, ministerial roles, and the confused role of the **Comissao** and **Secretariado de Estado para a Integracao Europeia**, the organs nominally in charge of proceedings. This introduces the **Comissao** and **Secretariado**'s difficulties in carrying out their brief. Taken together, these explain **Portugal's inability to negotiate effectively**. Secondly, it examines the role of the Portuguese primary sector in the economy, showing its gross misfit to that of the Community. Finally, this discussion raises the major issues in the agriculture chapter of the negotiations, and yields an understanding of Portugal's bargaining positions.

1. INSTITUTIONAL STRUCTURE

Before examining the institutional structure of Portuguese government a few introductory remarks should be borne in mind both for the purposes of comparison with Spain, and also to elucidate Portugal's institutional and political problems.

Portugal's 1976 Constitution should have set the "rules of the game" for government conduct, as the Spanish Constitution did; it failed so to do. Unlike Spain, the Portuguese Constitution was not the result of a cross-party collaborative effort. Instead, both the 1976 Constitution and its 1982 Revision reflect the norms and goals of the political elite in power at the time.⁵ The impossibility of apply-

ing the 1976 constitution, due to inadequate prevailing social, economic and political conditions, and the lack of agreement on revisions, forced it to become a political (not a public) controversy.⁶ The means by which the first revision occurred during 1981 and 1982 set two precedents. Firstly, it cemented revision through party-political, not collaborative means; secondly, it encouraged political reform through constitutional revision.

Another basic feature of the political system lies in the "traditional" aspects of party interaction during the period studied. Unlike Spain, the resurgence of political parties in Portugal after the Revolution did not enable new parties with youthful elites to come to the fore. Instead, members of old "political families" returned to reestablish the party system.⁷ This encouraged the resurgence of "traditional politics" in which the parties engaged in introspective coalitional struggles, discouraging public participation, rather than rousing it out of its apathy. The politicians displayed a lack of political maturity in their public pronouncements, as they focused more on resolving personality and inter-party quarrels than debates over policy.⁸ During the period encompassed by this thesis, no single party achieved a majority government, or even managed to form a stable coalition, and "traditional politics" were at least partly to blame for this state of affairs. Compare this with the Spanish case in Chapter 3, in which public debate of most issues occurred and was encouraged by the parties, and the parties themselves were composed of new, youthful elites. A review of the periodicals in the two countries illustrates the low level of public interest: Portuguese daily newspapers tended to record politicians' statements on enlargement issues and related internal reforms during electoral periods, not otherwise. The Spanish daily papers, in contrast, kept up a constant stream of

discussion on enlargement and related issues.⁹

The fact that all efforts to form a majority government under a single party failed merely continued the political instability (albeit a different type) from the provisional to the constitutional governments. An indicator of this instability is the frequency of government changes outside normal elections: nine different administrations presided over Portugal during the negotiations. This did not undermine the political regime, but prevented the efficient conduct of government, policy, and ultimately affected its effectiveness at the negotiating table. In particular, the first section of this chapter elaborates on three basic problems. Firstly, government instability created low continuity in Ministerial stewardship, organization, decision-making and policy-making. This helped to centralize negotiating authority and initiative at the very top levels of government: in the Prime Minister's and the Finance Minister's offices. Secondly, Ministers were unable to master their portfolios before being moved to other posts, or before governments dissolved. This led to low continuity and neglect in policy-making and implementation.¹⁰ Given these conditions, the economic sectoral Ministries exhibited lack of continuity in policy, and concentrated on short- and medium- term cosmetic measures rather than the medium- and long- term structural reforms necessary to reconstruct the economy and prepare for accession.¹¹ Certainly, these problems occurred in the low-status Ministry of Agriculture, discussed below, which had the additional difficulty of its own lack of institutionalization as an organ of government.¹²

With these factors in mind, we may consider the specific institutional issues of interest to Portugal's accession to the EEC.

A. Government Structure

The Portuguese Constitution fails to display the self-conscious "European vocation" so evident in its Spanish counterpart. This indicates its drafters' lack of preoccupation with Portugal's European position, or its relations with the EEC. Revision has not altered its orientation in this respect. Portugal's 1962 application to the Community should be seen in terms of its trade requirements, not its "European orientation".¹³ The Constitution focuses instead on the economic and social organization of the country, which primarily concerned the political authorities in 1976 and 1981/2. The 1976 version emphasized the socialist mode of organization, while the 1982 revision sought to reorient the country towards a capitalist mixed system. Certainly the revision made the application of the Portuguese Constitution to the Treaty of Rome less problematic than the 1976 version.¹⁴ A brief summary of the provisions for economic organization from the 1982 revision illustrates the importance of economic issues:

Part I:

- Section III: Economic, Social and Cultural Rights and Duties
 - Three Chapters and 21 Articles

Part II: Economic Organization

- Section I: General Principles

- 9 Articles

- Section II: Property Structures of the Means of Production

- 2 Articles

- Section III: The (national economic) Plan

- 5 Articles

- Section IV: Agricultural Policy and Agrarian Reform

- 9 Articles (virtually unchanged since 1976)

- Section V: Financial and Fiscal System

- 4 Articles

- Section VI: Commerce and the Protection of the Consumer

- 2 Articles 15

The content of the sections varies, but for our purposes the 1982 revision explicitly emphasizes three basic principles which differ markedly from the 1976 version. Firstly, the revision emphasizes the defence of non-socialist independence in economic transactions in an

effort to prevent reversals on the road back to a mixed economy. Secondly, it emphasizes the institutionalization of medium- and long-term economic planning, modernization and development through democratic rather than centralized processes. This is an obvious attempt to prevent the "absence of plan" and "economic dictatorship" problems evident under the New State and during the Revolution.¹⁶ The final principle expressed is the wish to avoid either Salazarist or marxist economic policies, but to continue along the lines of a capitalist mixed economy. However, the 1982 revision could not address all the reforms necessary to achieve its drafters' vision of a fully mixed-market political economy for lack of political support. It retains some of the social attitudes of the 1976 version, and merely, as Sr. Pinto Balsemao noted, set the stage for further revisions.¹⁷

The basic structure of government retains the structure of the Republic before Salazar (at national level), and Salazar's local government structure. We will concentrate on government at the national level.¹⁸ The difference between present and past lies in the constitution. Spain sought to prevent another Franco by focusing specifically on the authoritarian abuse of government institutions by providing them with explicit rights and duties. Portugal aimed to address its past mistakes via a different path. The Portuguese political elite sought to prevent another Salazar by creating a new economic order which would not allow an authoritarian state to occur.¹⁹ The institutions of government reflect this. After the Revolution, the socialist organization of society, not Salazar, became the object of opposition, and the consequent constitutional revision reflects the attempt to draw the state to the centre of the political spectrum.

Thus in Portugal government and legislative relations of interest to the enlargement debate are more general and less self-conscious

than in Spain, as if European integration was far from its drafters' minds, or irrelevant. This was not the case in Spain, as earlier discussion shows.

The basic constitutional provisions of interest are as follows (1982 version). The President must ratify all bills, treaties, or agreements involving or requiring negotiations with a foreign entity (Article 158). Government, on behalf of the State, pursues international negotiations (Article 200). The Assembly of the Republic also approves treaties negotiated by the government (Article 164i). The Assembly is also responsible for all agrarian reform legislation (Article 168), but it may not debate any bill involving increases or reductions in expenditure applicable to a current National Economic Plan (Article 170).²⁰ Individual Members can also make use of provisions permitting them to question and seek information from Government and public bodies on their activities (Article 159c, d, e). Portugal has no constitutional condition against plenary discussion of foreign affairs in the Assembly, which should have provided opportunity for extensive political debate on controversial aspects of enlargement. Thus the Assembly could have played a more active part in the negotiations than the Spanish Cortes, and could therefore have articulated the interests of pressure groups. This did not occur.

One reason for the Assembly's inactivity in this respect concerns the contingent nature of controversial (economic) reform issues and their link to accession negotiations, and the Assembly's legislative impasse.²¹ It was explicitly understood in Portugal -- as in the EEC -- that the level of structural economic development (or change) Portugal attained prior to entry would have a direct impact on Portugal's terms of accession. In order for the Assembly to discuss substantive aspects of the Portuguese accession negotiations, it had also to dis-

cuss the means of implementing various badly needed economic reforms, particularly in the primary sector, to prepare the country for accession. Discussion of agricultural reform highlighted party differences, and resurrected controversies raked up, but not solved, by the Revolution.²² With regard to agriculture, Assembly representatives agreed that reform was necessary, but could not agree on the substantive content of the reforms. Disagreement occurred along party lines. As it had sole legislative initiative over crucial aspects of agrarian reform (size of farms, expropriation policy, rents, etc), the absence of agreement held both the laws and their implementation in abeyance.²³ Lack of Government planning and economic strategy exacerbated matters. This also affected, to a lesser extent, the structural economic changes successive governments agreed to implement in order to obtain "pre-accession aid" to ease the accession process.²⁴ The terms of Portugal's agreement with the Community made it unable to obtain access to funds unless and until the government specified their uses within national economic plans. Lacking a plan, it could not use the aid. This difficulty remained unresolved until 1983/84.

Had a single party achieved a majority in the Assembly, the necessity of achieving policy consensus might not have been so crucial: Government might have counted on its majority to enforce desired reforms. This assumes that a majority government could have injected dynamism into the governing process, which the 1985-88 majority government failed to do.²⁵ However, the ability to achieve policy consensus on any single sector evaded all parties and all governments. Attempts at discussing anything controversial tended to divert into fruitless, party-political debates -- often on side issues -- leaving the original substantive topics undiscussed.

The depth of the governmental and legislative paralysis is illus-

trated in the following examples. Between 1977 and 1986, the governments **should** have presented their yearly budgets to the Assembly by 15 October, but only one government succeeded in doing so, once.²⁶ Secondly, plenary debate in the Assembly fails to produce results. For example, in 1983, it met in plenary session for 382 hours, but only approved two laws in that period.²⁷ These examples indicate how **dysfunctional** Portugal's government was.

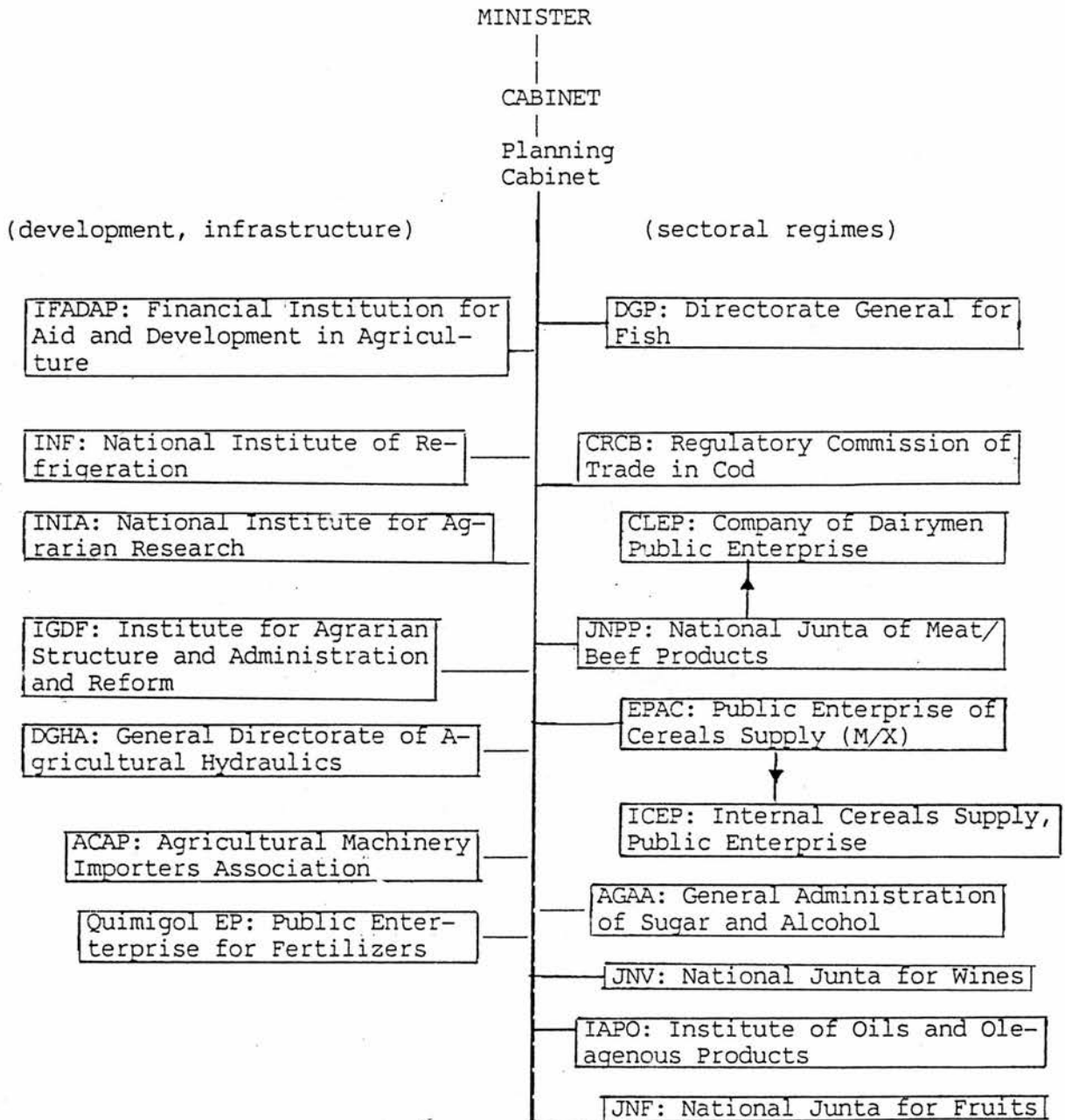
Without the Assembly as an effective participant and interlocutor, the Government could pursue negotiations unaffected. This enhanced its flexibility during the negotiations, particularly because of the virtual absence of interest group representation across all sectors, especially agriculture.²⁸ In the finance and industrial sectors, interest groups were marginally better organized and articulated.²⁹ As far as the Agriculture chapter was concerned, few participants were needed in the negotiating process.³⁰ Most of the basic work was done by technical experts from the Agriculture Ministry, who liaised with the technical negotiators from the **Comissao para a Integracao Europeia**. At ministerial level the Prime Minister, the Foreign Minister, the President of the **Comissao**, and the Finance Minister negotiated. Other ministers were seldom involved. There is virtually no evidence of Agriculture ministers' involvement. During the lengthy "diagnostic" process, negotiations seldom reached the ministries, **except** at the technical level.

B. The Ministry of Agriculture, Fisheries and Commerce

The Ministry of Agriculture, Fisheries, and Commerce appears to be a highly organized entity, as illustrated in Figure 1, below, but this is deceptive for various reasons. Firstly, there is no central body

FIGURE 1

MINISTRY OF AGRICULTURE AND FISHERIES



SOURCES: US Embassy, Lisbon; UK Embassy, Lisbon; Portuguese Ministry of Agriculture and Fisheries, A. Cortez Lobao, (1983). See Appendix V for acronyms.

controlling overall intervention policy: intervention is controlled according to sector: the system is highly fragmented.³¹ Part of this fragmentation occurred because post-revolutionary governments mixed newly created organizations with the Salazarist variety.³² Moreover, relations between Ministers and their Civil Servants have been irregular since the Revolution. There was no continuity in Ministerial leadership: more Agriculture Ministers were appointed to lead the sector than there were governments to lead the country during the period under study.³² Thirdly, the problems attendant on lack of leadership continuity were exacerbated by Ministers' inattention and neglect at the policy and implementation levels. The worst (but not the only) example of such inactivity occurred between June 1983 and October 1984 when any pretence of agricultural planning and administration entirely disappeared as a result of a personality conflict between a Social Democratic Minister and his Socialist Secretary of State.³³ Finally, the Ministry itself suffered from its own lack of institutionalization: it was only three years old at the start of accession negotiations, in charge of a large portion of the labour force and the economy, without the policies or manpower adequate to the tasks confronting them.

As noted above, the primary sector during the period under study encompassed some of the most controversial political problems for Portugal, both internally and in terms of accession. The Ministry facing these problems^{wx5} of no obvious prestige value to politicians because of its recent creation.³⁴ Until 1984, those appointed to lead the Ministry lacked the interest and/or the capacity to confront the crucial problems of the sector. Thus few specific, well-advised policies for restructuring and development in agriculture occurred. According to one civil servant, some Ministers neglected their portfolio entirely, leaving the Ministry to drift during the length of their tenure.³⁵ The

party political nature of the agriculture question -- especially agrarian reform -- and the Assembly's control over agrarian reform legislation further handicapped the Ministry, and its Ministers.

With or without direction from above, the **Gabinete do Planeamento** formulated policies and overall planning, though occasionally it was pre-empted by the Minister himself.³⁶ In the absence of a clear national economic plan, or a clear plan for agriculture, and without Ministerial leadership or support, the Gabinete's scope for action is limited. During the accession negotiations, the Ministry formulated several general plans, but they failed to take account of problems or feasibility of implementing even simple proposals, and were rendered useless.³⁷ The Gabinete often concerned itself with sectoral policies, which the intervention institutions could implement according to individual criteria.³⁸

If policy from the top hardly existed, what of all the related organizations? Policy drifted.³⁹ Most intervention mechanisms are state monopolies operating to ensure stable consumer prices above all, but their precise responsibilities and functions are unclear. Control of consumer prices also became a major instrument against inflation. Buffer stocks are released or increased according to this single principle, as are import and export policies. Although a plethora of organizations existed, the JNV, the JNPP and EPAC are most prominent in agricultural intervention. As illustrated in **Figure 1**, some organizations have interlocking or overlapping functions, such as the JNPP (Junta Nacional dos Produtos Pecuários) and the CLEP (Companhia das Leizeiras Empresa Publica), in which the JNPP regulates meat, and the CLEP is a subsidiary organ for the dairy industry. EPAC, which controls the import and export of wheat, has a similar relationship with ICEP, which intervenes in the internal supply and price of cereals ge-

nerally. The Junta Nacional dos Vinhos (JNV), however, is an example of complete sectoral control.

The agrarian reform body IGEF (Instituto de Gestao e Estruturacao Fundiaria) implements reform legislation approved by the Assembly. However, little reform legislation exists, much of it highly discredited.⁴⁰ Given the politicised nature of agrarian reform, and the Assembly's legislative initiative on the issue, the problem of creating, let alone implementing, effective reform in the sector is enormous. The Assembly created the existing legislation through complex political compromises: and implementing complex political compromises does not ensure the best economic results -- an example is the famous agrarian reform law 77/77, which has since been an object of revision. This divorce between legislative initiative and control and practical implementation is a serious obstacle to revitalising Portuguese agriculture, for without adequate land reform, other necessary reforms in agriculture cannot occur.⁴¹

To complete this picture, IFADAP, Portugal's first agricultural credit institution, is intended to release credit to farmers to engage in specific development projects. IFADAP's success depends on the criteria used to give credit, the method of approving projects, to whom the credit is directed, and the extent of its own largess. IFADAP has often been criticized for its reluctance to commit funds to small farmers, its general lack of funds and its project selection criteria.⁴² One could attribute some of these problems to general planning problems noted above: a credit-for-development plan must have an overall development plan from which to work.

One feature of the Ministry is notable by its absence. It does not appear to have any form of labour-relations, or trade union-relations organ. This is not surprising given the lack of articulate interest

groups in the sector. In fact, in all the literature on Portuguese agriculture, interest groups in the primary sector are not mentioned.⁴³ Some mention of the Confederation of Portuguese Farmers (Confederacao dos Agricultores Portugueses, CAP) occurs in historical literature during and shortly after the Revolutionary period, but only with regard to land reform.⁴⁴ The CAP is an organization composed of large and very small farmers, with the large farmers' interests mainly predominating. Its major interest is to **prevent** the restructuring of land tenure in the country, and it does not seem to have other pressure group interests. The Communist Party, the only organized anti-marketeer voice in Portugal, also supports various small groups in favour of land reform along collectivization lines.⁴⁵ However, neither group articulated itself effectively regarding enlargement issues -- they concentrated instead on internal reform. Once again, the lack of interest group articulation left the government free to determine, create and implement policies and negotiations without reference to its constituents.

To summarize, our picture of the Ministry of Agriculture confirms the impression of extreme "policy drift". The fragmentation of policy mechanisms complicates our view of it, although the intervention philosophy is clear enough. The lack of strong Ministerial leadership and support allowed paralysis in policy, a continuation (by default) of the neglect of previous decades. This lack of policy -- also caused by the legislative impasse -- put responsibility for planning by default onto the Gabinete do Planeamento. But without support and leadership, the Gabinete itself could not implement substantive policy. Furthermore, the lack of interest group articulation resulted in an absence of consultation and agreement regarding the agricultural constituency's perceptions and needs with regard to policy.⁴⁶ So the

Gabinete resorted to "maintenance" sectoral planning, and were actively involved in the negotiation process until 1983/4.⁴⁷

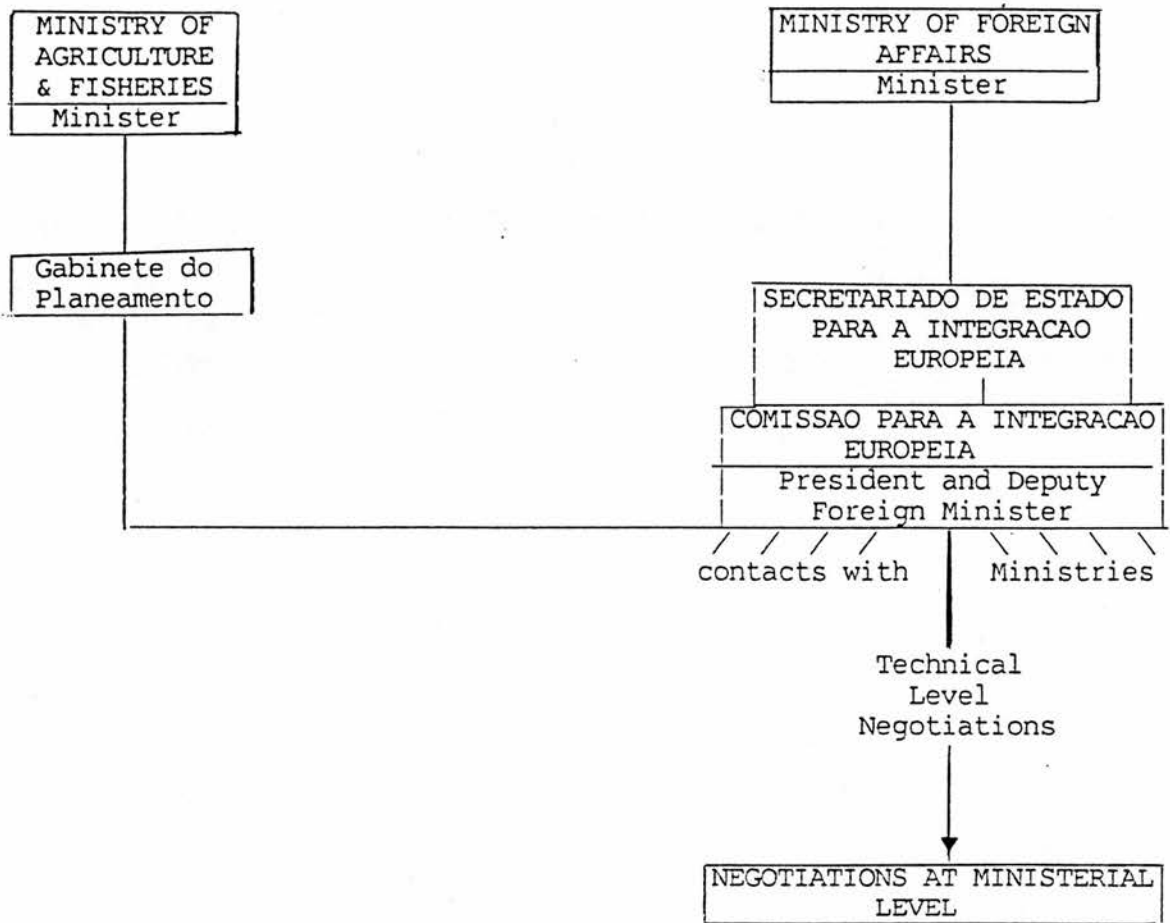
C. The Negotiating Ministries

Discussion of the Portuguese organs charged with negotiating entry into the EEC provides another illustration of the government's poor organization and ineffectiveness. The government created the **Comissao para a Integracao Europeia** and the **Secretariado de Estado para a Integracao Europeia** to be the lead departments in charge of negotiating accession.⁴⁸ These were originally created under the auspices of the Ministry of Foreign Affairs, as **Figure 2** suggests. **Figure 2** makes Portugal's institutional structure for negotiations appear similar to that of Spain's.⁴⁹ However, this presupposes that the government could provide its diplomats with an adequate framework with which to pursue a bargain. This the government could not do, because it did not possess clearly articulated economic goals and plans. Nor by extension could it produce **specific** notions of "national interest" to provide its team with a framework on which to base its negotiating postures and strategies.

This was compounded by poor organization and over bureaucratization of the **Comissao** and the **Secretariado** themselves.⁵⁰ Moreover, these lead negotiating departments suffered confusion as to their roles, and lack of autonomy as the result of political interference by top ministers -- probably the result of party-political infighting.⁵¹ Such difficulties lowered morale and led to frequent resignations of key staff.⁵² Finally, the situation was an understandable contributing

FIGURE 2

PORTUGAL: INITIAL INSTITUTIONAL NEGOTIATION STRUCTURE 1978-1980



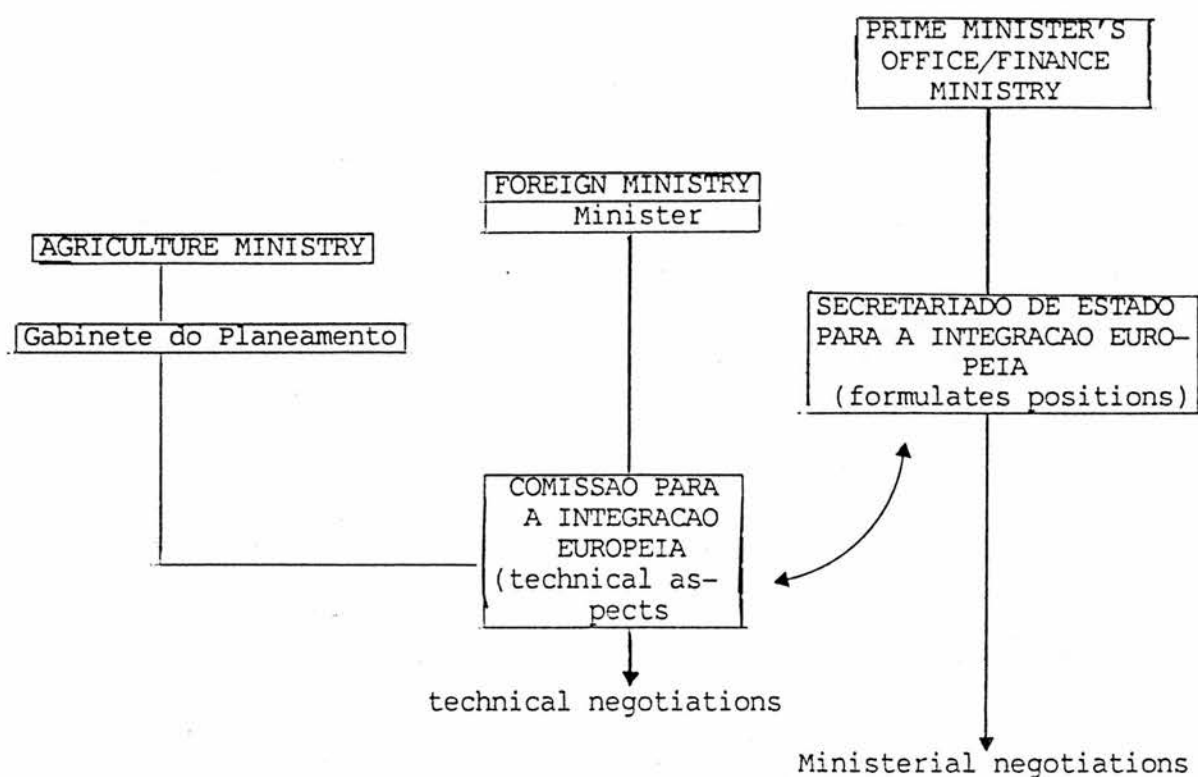
SOURCES: Interviews, Ministerio da Agricultura, Comercio e Pesca; Comissão para a Integração Europeia; F. Nicholson, R. East, op cit; P. Ordaz, op cit.

factor in Portugal's lack of preparation at the bargaining table.⁵³

In an effort to increase its effectiveness in negotiations, and in response to criticism from former high-ranking personnel, the Prime Minister's office brought the Secretariado under its direction in 1980.⁵⁴ This produced a new bicephalous institutional organization elaborated in Figure 3. The new organization institutionalized the dominance of first the Prime Ministerial, and later the Finance Minis-

FIGURE 3

PORTUGAL: INSTITUTIONAL NEGOTIATION STRUCTURE 1980-1985



SOURCES: P. Ordaz, *op cit*; Interviews, Ministerio da Agricultura, Comercio e Pesca, Comissao para a Integracao Europeia.

ter's leadership and supervision as key negotiators in the process. This provided an improvement in leadership, but less autonomy. The Secretariado became responsible for formulating bargaining positions according to the parameters given from above. The Comissao was left to attend to research and technical aspects of the proceedings.⁵⁵ In late 1980, the Finance Ministry took over responsibility for overseeing the Secretariado, but continued to fail to formulate specific positions; thus the slack in negotiations continued on Portugal's side. Under socialist Finance Minister Lopes (1983-85), the negotiating team began to negotiate more coherently and aggressively. This

was the result of positive policy implementation and better preparation, but came very late in the process.

D. Government Structure and Negotiating Process

The discussion above shows that an even smaller number of key players acted in Portugal's accession negotiations than in Spain's. In contrast to Spain, the Prime Minister and Finance Minister became intimately involved in the day-to-day running of negotiations at an early point: only two years after they began. This was both the result of and the chosen remedy to the poor organization of Portugal's negotiation structures. Agriculture Ministers did not occupy themselves with negotiations; they left them to their Gabinete do Plan.

The clearer chain of command created by the 1980 reorganization would have permitted a more effective negotiating position for Portugal if it had had specific positions to negotiate. But the lack of clear, specific policies obstructed the formulation of clear, specific positions. The policy-making (and legislative) responsibilities lay with the government and the Assembly, which both failed to fulfil them. Thus despite reorganization, constructive negotiation still failed to arise. Therefore, we must conclude that the faulty organization of government at least partially impeded Portugal's effectiveness in accession negotiations. Public apathy could not force the responsible organs into corrective action through embarrassment. The difficulties of the situation are illustrated in Chapter 7.

i. negotiating team and style

The Portuguese negotiating style differs considerably from Spain's. Portuguese negotiators adopted a low-key approach, allowing

successive Prime Ministers to articulate their satisfaction or frustration with the pace and issues under discussion. Their negotiating style was pragmatic rather than ambitious, and negotiators sought to exploit weaknesses to achieve better concessions from the EEC.⁵⁷ There were two reasons for this style. Firstly, as already noted, they had to recognize their weaknesses and adapt a strategy to exploit them. Secondly, they sought to distance themselves from the Spanish accession negotiations, because they perceived a Spanish link to be an obstacle to Portuguese entry.

In the face of general domestic economic policy paralysis, it is difficult to criticize such a position. Neither technical experts nor diplomats could deny the policy paralysis afflicting their country, nor could they deny that the necessary voluntary restructuring and development measures promised by governments failed to occur for lack of policy. Nor, finally, could they deny that the contingent nature of this situation impeded their ability to negotiate more actively for their country. Instead, they were forced to put forward general principles which they felt the negotiations should uphold, for example "development and modernization of agriculture", and "safeguarding the standards of living of both farmers and general populace". But without any indication of how these should be practically implemented, the principles were inapplicable. In effect, Portuguese negotiations were sandwiched between the rock of Portuguese contingent decision-making and indecision, and the hard spot of EEC contingent decision-making and indecision.⁵⁸ This is the reason for their dependence on the Community's bargaining initiative discussed in Chapter 7.

Portugal's extreme sensitivity to any linkage with Spain in the negotiations is the result of numerous cultural and historical factors, common in the relations of neighbouring states of very different

size.⁵⁹ Portuguese negotiators rightly perceived Spain to be the **source** of much of the negotiations' impasse, and hoped, by avoiding linkage with Spain, to enter more expeditiously. To the Portuguese, linkage with Spain denied Portugal the benefit of consideration by the EEC of their case **on Portuguese merits**, thus downgrading Portugal's importance. This was the reason that the Portuguese team sought to downplay its economic significance in comparison to Spain as a tactic to reassure the Community of Portugal's **harmlessness** and **low impact**. They succeeded in convincing the Community of their insignificance, but failed to break the link.⁶⁰

Despite the political and policy impasse, the team did demonstrate its ability to **learn** during the process, especially under the leadership of Prime Ministers Soares and Balsemao.⁶¹ Both leaders treated accession into the Community in somewhat a **sebastianist** manner. Soares in particular often noted that the EEC would be Portugal's "saviour", and its "only hope": a cure-all to the country's internal ills.⁶² Prime Minister Soares and his team's naivete regarding an expeditious accession disappeared during Soares' first Administration, as the process was bogged down in the EEC's own internal impasse. Under Prime Minister Balsemao's Administration, government and negotiators alike grappled with the **demands** both of their forthcoming membership, and of serious international negotiations. While Balsemao's own pronouncements during his Premiership were rather plaintive at times, the seriousness and determination of his attention to the process laid the groundwork for more successful efforts later. Soares' second Administration managed to combine loosely the requisites (including some policy implementation) to maximum effect.

Indeed Soares' long-term commitment to and involvement in the accession process provided a rare element of continuity in it, and

stamped his personality on Portuguese accession. He presided as Foreign Minister, or Prime Minister, or both, over the bulk of the negotiations. Furthermore, he had expressed his commitment to membership even before the Revolution.⁶³ By the second time he became Premier, he was more prepared and able to negotiate aggressively and effectively with the Community. To these ends he deployed his most dynamic Minister, Ernani Lopes, to spearhead Portugal's team. Lopes obviously studied the impact of Spanish attempts to embarrass the Community into action, and imitated them. Moreover, under Lopes, the legislative and policy logjam preventing positions lifted -- another demonstration of learning and seriousness.⁶⁴

E. Negotiation Process and Government Process

How did the accession negotiations affect the Portuguese policy process? This question raises two recurrent issues already mentioned. The first concerns the awareness of successive governments of a relationship between the negotiations and their own domestic policy-making. The second concerns their ability to act in response to that awareness.

From official statements and Ministers' statements throughout the negotiation period, it is obvious that governments perceived a relationship between the accession negotiations and domestic policy.⁶⁵ An early negotiation document upholds the perception that major policy and implementation changes would have to occur in the accession process, either before entry or during the transition process.⁶⁶ For example, it recognizes the fact that virtually every agriculture intervention structure in the Ministry of Agriculture would have to alter radically, or disappear entirely, but it fails to discuss the practi-

calities entailed.⁶⁷ Successive governments were aware of and in agreement with the magnitude and necessity of change needed. At this point however the Portuguese case, once again, distinguishes itself from Spain. As noted in the discussion on Spain, Spanish policy-makers began to adapt their agricultural system even **before** they made their application to enter the EEC, and intensified this alignment process during the negotiations. In Portugal, however, various factors intervened to make an early adaptation impossible -- not least the revolution, and the absence of a Ministry of Agriculture until 1974.⁶⁸ Even if early post-revolutionary governments had had the foresight to begin to make an agricultural adaptation policy, the tools for implementing such a policy were weak or nonexistent.

These institutional weaknesses comprised only part of the problem. The Portuguese economy suffered from a general economic malaise, brought about by the coincidence of three factors: decades of economic neglect and mismanagement, the Revolution and its attendant upheavals, and finally the problems arising from the global recession of the 1970s. These conditions produced a large scale economic disaster which made it difficult for policy-makers to determine **how** to address policy to redress the economic situation, or which sectors required **priority action**.⁶⁹ This confusion over policy was further complicated by the political instability of the period. The cabinet-level instability of successive coalition governments created frequent government crises. Such crises revolved around disputes over basic economic policy or personality clashes, and frequently disrupted all negotiations to which Portugal was party.⁷⁰ Even if successive cabinets had achieved consensus on policy, the Assembly of the Republic would have been an enormous obstacle to action, because of its monopoly on legislative initiative in several crucial economic areas, such as land reform. As

noted earlier, the Assembly rarely proved able to achieve sufficient consensus on agrarian reform policy, on which a coherent Portuguese agricultural policy depends. The few existing policies were the result of extensive political compromises and bore little relation to the requirements of reform. The vicious circle of inaction remained unbroken. In short, although the spirit was willing, the structure was weak. Hence successive governments' reliance on a breakthrough in negotiations (implicitly an EEC inspired one) to force an **internal** policy breakthrough. This strategy manifestly failed.⁷¹

As the negotiations dragged on, the pressure on successive governments to implement even minor modifications to their economic structures (let alone agricultural policy) increased. Their failure to begin adaptation policies until mid-1983 was treated as an indicator of backwardness and incompetence by those outside.⁷²

2. ECONOMIC STRUCTURE

A. The Place of Agriculture in the Portuguese Economy, and its Relevance to Development

The agriculture sector continues to play a decisive role in the Portuguese economy, as illustrated in **Table 1**, below. Agriculture's share of employment and GNP is much higher than the EEC average. Although Portugal has experienced a trend away from agriculture and toward industry and services, it is not as remarkable as in Spain, and compares poorly to its Mediterranean counterparts, France and Italy,

TABLE 1

LABOUR AND SHARE OF LABOUR AND GDP/GNP BY SECTOR IN PORTUGAL

YEAR	AGRICULTURE		INDUSTRY		SERVICES	
	% Workforce	% GDP	% Workforce	% GDP	% Workforce	% GDP
1960	42.8	25.0*	29.5	34.0*	27.7	17.0*
1965	21.3*	—	41.5*	—	31.7	—
1969	—	18.0*	—	41.0*	—	19.0*
1970	29.8	17.3	36.7	44.1	33.5	31.8
1971	29.7	13.0	33.5	43.7	33.5	37.7
1972	31.1	14.3	35.8	45.9*	31.2	38.5*
1973	25.2	16.3	—	43.8	—	33.9
1974	24.8	15.5	—	—	—	—
1975	26.6	15.5	45.3	42.8	39.1	35.3
1976	26.0	10.0	36.3	42.7	36.6	41.4
1977	26.4	12.8	34.1	45.3	39.5	42.0
1978	26.1	12.7	25.2	45.9	33.9	35.1
1980	30.2	12.6	35.0	45.9	34.8	41.5
1981	27.3	13.6	36.6	46.3	36.1	40.0
1982	25.3	8.6	37.3	39.8	37.5	51.6
1984	23.6	9.2	33.9	40.2	42.5	50.6
1985	23.2	—	35.3	—	41.5	—

* NOTE: All numbers with an * are GNP indicators.

SOURCES: OECD, OECD Economic Surveys: Portugal 1968-1984, Paris; OECD, Agricultural Policy in Portugal, Paris 1975; Instituto Nacional de Estatísticas, *Anuario Estatístico*, (Lisbon). A. Cortez Lobao, op cit, in *Economia*.

as Table 1 in Appendix III reveals.

However, while noting that first Marshall Plan aid and then the EEC's Common Agricultural Policy (CAP) promoted development and modernization in French and Italian agriculture, we must still find an explanation for the laggard nature of the Portuguese primary sector. To put this into perspective for comparative purposes, let us consider the following. Portugal had minimal access to Marshall Plan aid to begin economically restructuring its economy. France and Italy did. Nor did the EEC's CAP, arguably the major development impetus for French and Italian agriculture, affect Portugal. Portugal suffered

neither a devastating civil war nor a devastating World War from which its economy might need reconstruction. The Portuguese government was wholly responsible for the orientation and development of the country's economy, as with Spain. These facts lead us to ask: if the conditions for change for Portugal and Spain were roughly the same, or even slightly better in Portugal, why did Portugal fail to transform its primary sector?

The answer to this question lies in the difference between the two countries' respective regimes' orientation towards political economy. Both authoritarian regimes began with essentially autarkic policies.⁷³ The difference between the two lies in the fact that the Salazar regime continued to pursue autarky much longer than the Franco regime. Franco altered economic policy substantially in the 1950s for pragmatic economic reasons, and began a massive industrialization program. Agricultural development planning in Spain occurred later, at the end of the 1960s. In Portugal, Salazar only finally decided to alter his economic policies when the economy could no longer support the cost of fighting colonial wars in Africa, in the 1960s. However he did little with regard to agriculture. The Caetano regime intended to embark on agricultural economic planning in 1974, indicated by the creation of the Ministry of Agriculture six weeks before the Revolution.⁷⁴

Therefore, our examination of Portuguese agriculture is not of a dynamic and evolving sector, but a stagnant sector suffering a long-standing crisis of development, which faced still more complications resulting from Revolution and the implications of EEC membership.

In order to transform any traditional agrarian society into a modern industrial society, agriculture must move from a subsistence-oriented sector to a commercial one in which a small percentage of the population is capable of feeding the rest of its society.⁷⁵ If the

primary sector fails to achieve this, its backwardness becomes a major obstacle to a balanced development process. Food imports divert scarce foreign exchange away from more economically and developmentally productive activities. Low productivity and production in rural areas produce social, regional and economic distortions which then complicate development policy and economic planning.⁷⁶ Rural poverty accelerates the demographic drift toward urban areas, further undermining agriculture's productive capacity and causing further distortions in the economy. If left unchecked, this pattern initiates a vicious downward spiral which can have disastrous consequences for the entire economy. The state has a generally recognized role in creating an environment in which agrarian reform and development can be achieved alongside industrial development. The New State failed to make this link, and it was ineffectively acted upon after the Revolution.

It is unclear whether the New State's neglect of rural Portugal arose from the social orientation of Salazar's Thomist beliefs, or sheer ignorance and incompetence. However, the disappearance of the Ministry of Agriculture into the Ministry of the Economy, which took control of all economic sectors in Portugal, illustrates the unimportance the New State attached to agriculture. As Gallagher notes, "[T]his downgrading of the agrarian sector is truly amazing in view of the fact that Portugal was still an overwhelmingly rural country."⁷⁷

Rural development institutions, such as the Junta for Internal Colonization, merely represented traditional latifundist interests. This ensured little or no rural development or reform.⁷⁸ Laws on labour and labour organization institutionalized rural apathy by channelling all discussion through the state's corporatist "union" structure.⁷⁹ The structure of agriculture under Salazar remained traditional: minifundia in the north, latifundia in the south, low

production and low productivity, poverty and illiteracy. Agriculture stagnated.

For Portugal the decisive shift in favour of development occurred when it joined EFTA in 1959. Trade with EFTA, outside the traditional colonial escudo zone, brought in much needed foreign exchange and created an impetus for the economy to develop and expand along side the European example. This enabled the industrial interests supporting the New State to supplant already waning landed interests, and opened the way for development.⁸⁰ The shift in favour of development was reinforced by Portugal's colonial wars in Africa, which began in the early 1960s. The state required enormous resources in order to fight the wars, which in turn required an economy capable of generating those resources.⁸¹ At this point the opportunity to create a balanced development program for Portugal should have been grasped. But for Salazar development was only a means of raising the money needed to save the empire and the old system -- it was not considered a desirable end in itself.⁸² This helps to explain Portugal's lopsided development pattern from the beginning: while other sectors of the economy grew and developed to provide foreign exchange to fight the wars, agriculture which did not figure in the scheme remained stagnant.⁸³

The development process intensified Portugal's agrarian crisis. As resources continued to be poured into industrial development, the phenomenal industrial growth continued throughout the late 1960s and early 1970s. The primary sector only made productivity gains through emigration, not development: a sign of the chronic underemployment of the sector.⁸⁴ As rural incomes stagnated, awareness increased of the income benefits of the urban services and industrial sectors, enhancing the demographic shift to urban areas. This is the basis of the structural economic problem Portugal now faces: the rest of the econo-

my grew and was then forced to divert resources to compensate for the continued backwardness of agriculture. The development pattern distorted both regional development and incomes. The rural-urban migration undermined the demographic structure of food-producing areas: those who stayed behind were increasingly older, uneducated, poor, and small or landless farmers.⁸⁵ Such a rural labour force hardly recommends itself to radical restructuring and development to modernize and dynamize the sector.

As agricultural employment continued to decline, production fell, wiping out the benefits of earlier productivity gains. Falling food production necessitated increased food imports, which created balance of payments problems. To illustrate the extent of this problem, during the late 1960s, Portugal imported over 50% of its food requirements, creating a serious diversion of resources within the economy. This pattern has remained basically unchanged.⁸⁶ In order to increase the food supply, farmers resorted to **extensive production**: putting marginal (low yield) lands into production to increase output. Had central government guidance in the matter occurred, farmers might have been persuaded to turn to the **intensification of production**: putting increased inputs into the land (fertilizer, water, pesticides, etc), and increasing the yield per hectare. Extensive production failed to solve Portugal's food supply problems, and further depleted marginal soils. European Community policies promote intensive production, for which Portuguese agriculture is inadequately adapted.

The OECD, a long-standing observer and gentle advocate of economic change in Portugal, eloquently described the evolution of the agrarian crisis into its present proportions in the following passage:

One of the corollaries of the priority given to industry in the late 1960s and early 1970s was that agricultural structures remained archaic, with the result that production was virtually stagnant. Whereas

GNP increased at an annual rate of 6.7% between 1960 and 1973, agricultural production grew by only 1.1% per year. This trend was the result of massive emigration, the reduction of cultivated land and insufficient investment. The poor use made of land (approximately one fifth of farm land is left fallow each year and little use is made of fertilizers) was one of the essential reasons for the poor performance of agriculture in Portugal. Another reason was the system of ownership; in the north farms are very small and operated on a subsistence basis, while the south was characterized by large units and absentee landlords. To these factors must be added the massive emigration of young workers, which left an ageing and largely illiterate farming population. All these factors worked against the growth of investment and the introduction of technological change. In addition, institutional rigidity restricted farmers' access to credit and it is estimated that only 10 per cent of farmers were in receipt of credit immediately prior to the change of regime. This explains why in 1973 the yield per hectare of main crops was well below that of a number of Mediterranean countries. The failure of agricultural production to meet domestic demand weighted heavily on the trade deficit.⁸⁷

Had an agricultural development plan existed in the 1960s and early 1970s, some of these problems might have been ameliorated. However, although general economic planning began in 1958, and economic sectoral planning commenced with the 1965-67 Interim Plan, agricultural planning consisted mainly of stating general objectives for development, without reference to the public role in promoting it. The New State relied almost entirely on agricultural development thorough private initiative, when it was obvious that private initiative could not fulfil the task.⁸⁸ No meaningful public initiative was taken until the Fourth Plan (1974-1979), which was overtaken by the Revolution.⁸⁹

The Revolution threw this fragile structure into complete disarray. When the New State collapsed in April 1974, nothing coherent existed to replace it. This vacuum lasted until the end of 1975. During this period, which coincided with the global economic recession, the economy drifted without guidance as political factions struggled to seize control of government and economy. The agrarian struggle came

dramatically to the forefront of politics in the latter half of this period, and temporarily transformed the structure of land tenure in Portugal. Approximately a third of all agricultural land (about 3 million hectares) -- mainly south of the Tagus -- were seized between January and August of 1975. Portuguese Communist Party (PCP) sponsored groups which established collective farms along Stalinist lines as they seized lands.⁹⁰ The Fourth Provisional government sought, belatedly, to establish guidelines along which land reform should follow, which were largely ignored in the wave of wildcat land seizures. Expropriation continued from the south, moving northward until serious resistance from owner-occupying farmers in central and northern regions threatened violence.⁹¹ The Confederation of Portuguese Farmers (CAP) emerged at the end of 1975 to counteract the northward spread of land seizures. In November 1975 it forced the provisional government to act to halt expropriation, by threatening to cut off Lisbon's food supplies if wildcat seizures continued. This marked the end of revolutionary land reform.⁹² The pattern of government activity from January 1976 until to day has mainly been a retrenchment in favour of (old) property owners' rights.

The disruption and confusion created by the revolutionary period had a disastrous effect on the economy, and agricultural production in particular. Food production declined by 10% in absolute terms between 1974-1977.⁹³ Economic deterioration was exacerbated by the global economic recession. Thus, when the first constitutional government was sworn in in July 1976, it faced a myriad and complicated set of pressing economic problems -- with agriculture as the most politicized.

Subsequent efforts to address the primary sector centred first on stabilizing it to regain production levels, and then to develop production and productivity. However, as noted elsewhere, the controver-

sial nature of agrarian reform (especially land reform), and the fragility of successive coalition governments combined to obstruct any meaningful long-term action. The only action government could take was to stabilize the sector. Policy continued to be non-existent, although the need for it was universally recognized. This was the situation in economic and policy terms when Portugal made its application to join the EEC: fluid, confused, with an ailing sector in urgent need of firm policy and attention.

A. The Structure of Portuguese Agriculture

Because the Portuguese case fails to raise immediate issues over Common Agricultural Policy production expenditure, less attention has been devoted to it in the literature. Discussions on enlargement inevitably revolve around Portugal's weak primary sector and lack of overall development. Certainly Portugal's potential is less than Spain's, owing to many unfavourable natural conditions.⁹⁴ This raises questions regarding whether and to what extent Portugal will be able to integrate functionally into the EEC. From the preceding discussion it is obvious that the primary sector requires urgent and substantial changes to balance Portugal's economy. Portuguese negotiators argued throughout the negotiations that the European Community would provide the necessary impetus for this transformation. They also pointed to Portugal's insignificance, by any comparative economic statistics, to the Community, to counter claims that its backwardness would retard the integrative process and require substantial development funds, raising budgetary arguments. On the other hand, negotiators sought to retain their competitive advantage in their few strong sectors.

The EEC for its part concentrated on Portugal's backwardness. This

cannot be denied. Few arguments centred around the benefits to the EEC of Portuguese integration: it was assumed more necessary (and painful) to the applicant than to the Community. The EEC was of the opinion that if Portugal chose to develop her economy inside the Community, it would be done along Community lines. Portugal did not disagree: which eliminated most discussions about the merits, difficulties, problems and benefits of Portugal's agricultural economy as it stood: it all had to change. However, while the EEC proposed to behave charitably toward Portugal on structures and development, its attitude was decidedly protectionist regarding Portugal's few natural trading advantages in wine, tomatoes, olives and tinned fish. This patronizing but protectionist attitude was a major Portuguese complaint in the negotiations.

i. land tenure

The structure of Portugal's land ownership was basically the same as in Spain until 1974: highly unequal, and regional in character. Once land reform was "regularized" by successive governments, about two-thirds of expropriated land was returned to its original owners, largely restoring the original structure.⁹⁵ Unfortunately, precise figures illustrating land tenure since the revolution are unobtainable, because Portuguese statistical data collection is years behind in its work, particularly with regard to the fluid primary sector. **Table 1** illustrates land tenure in 1968; since that time, changed patterns of ownership generally occurred at the latifundist end of the scale, not the minifundist.

As with Spain, rationalization of predominantly northern minifundia is an essential component of land reform to create economically productive farming units. This is complicated in Portugal by the ex-

TABLE 2
STRUCTURE OF LAND TENURE IN PORTUGAL 1968

Size of Farm HA	Number of Farms	% of Farms	% of UAA
<hr/>			
small			
0 - <1	316,700	39.0	2.5
1 - 4	314,900	38.7	12.4
5 - <20	153,200	18.8	23.8
<hr/>			
medium			
20 - 50	17,700	2.2	10.1
50 - 100	4,400	.6	6.0
<hr/>			
large			
100 - <500	3,600	.5	14.9
500 - <2500	1,100	.2	20.2
>2500	100	.0001	10.1
<hr/>			
TOTAL	811,656		

SOURCE: Instituto Nacional de Estatistica, Inquerto as Exploracoes Agricolas de 1968, (Lisboa, 1968).

istence of the Confederation of Portuguese Farmers (CAP), a vociferous interest group which exists to keep precisely such land reform at bay. The situation can only change by winning over the CAP to land reform, and the injection of substantial funds to smooth the rationalization process. This would require a long-standing commitment on the part of the EEC. There appears to have been no argument on this point.

The latifundist structure in the south did not preoccupy EEC negotiators because it did not display any immediate production (hence surplus/cost) potential. However, southern farming methods did raise the problem of land use: in the south extensive farming methods are used. It was agreed that a switch to intensive farming should be accomplished, but this remains more in the realm of domestic policy than EEC policy.

ii. irrigation

Once again, irrigation was not a contentious issue in the Portuguese negotiations. Little surface area -- only about 15% -- is irrigated, and most existing irrigation structures are antiquated.⁹⁶ It does not pose a threat of sudden increased production, as suspected in the Spanish case. Neither the EEC nor the Portuguese team addressed possible long-term production potential as a result of increased irrigation, probably because of its very long lead time. Immediate difficulties were of greater interest to the Community.

iii. structure of production

As with Spain, the structure of Portuguese agricultural production is roughly the inverse of EEC products. However, poor productivity created a food deficit in "northern" products: cereals, butter, and beef for example.⁹⁷ Production of deficit dairy and meat products is concentrated in northern minifundist areas, as illustrated in Table 3, and Figures 3 and 4.⁹⁸ These areas would find survival against EEC competition virtually impossible. Negotiations regarding this centred around improving Portuguese structural weaknesses.

Portugal is self-sufficient in fruits and vegetables, which are dominated by Mediterranean products. However, with the exception of tomatoes, wine and olives, Portuguese production aims primarily at its own domestic market. Few fresh fruits and vegetables are exported, as indicated in Table 4. The lack of major exports in most sectors raises another reason for the Community not to treat Portugal as a threat: it simply provided few competitive sectors.

Three exceptions are the tomato, wine and sugar sectors. Portugal possesses among the most modern tomato and sugar processing industries in Europe, and provided the spectre of real competition in those ar-

TABLE 3

REGIONAL CONCENTRATION OF AGRICULTURAL PRODUCTION IN PORTUGAL

	Region						
	ENTRE DOURO E MINHO	TRAS OS MONTES	BEIRA LITORAL	BEIRA INTERIOR	RIBATEJO OESTE	ALENTEJO	ALGARVE
Product	1	2	3	4	5	6	7
Cabbage			x				
beans			x				
vegetables	x				x		
potatoes	x						
rice			x				x
wheat	x					x	x
almonds		x					x
cork					x	x	
olives	x	x			x	x	
sugar cane							x
wines		x		x	x	x	
lemons						x	x
oranges	x	x					x
citrus fruits							
figs							x
chestnuts		x					
pears						x	
peaches						x	
apples	x						
fruit orchards							x
strawberries			x			x	
melons			x				
vines							
tomatoes						x	
pigs		x		x	x	x	
sheep		x		x		x	
goats		x		x			
cattle	x	x					
dairy						x	
meat			x				

SOURCES: R. Robinson, op cit; Ministerio da Agricultura, Comercio e Pesca, Plano de Mudanca da Agricultura, Anteprojecto, (1982).

FIGURE 3

AGRICULTURAL REGIONS OF PORTUGAL

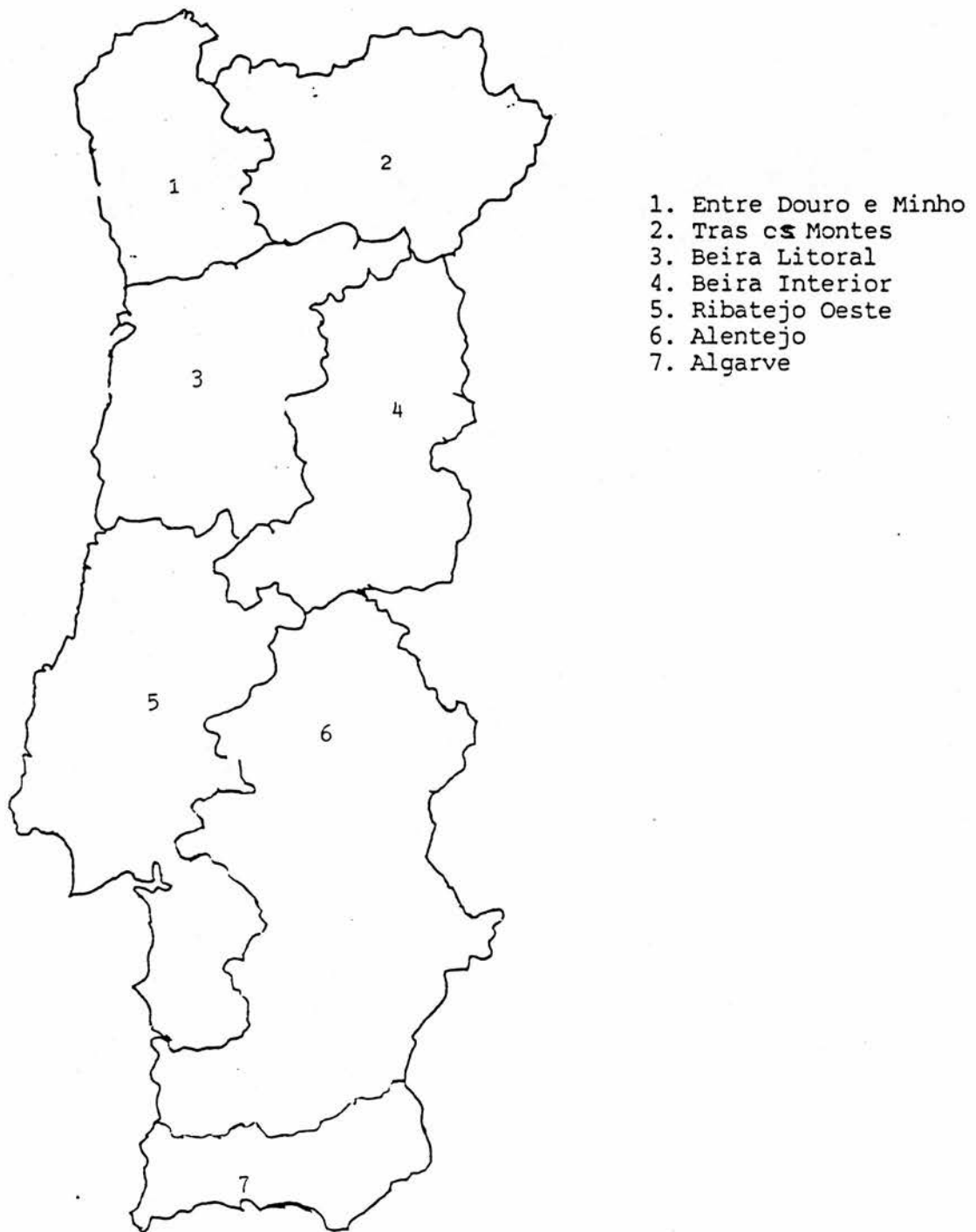


FIGURE 4

PORTUGUESE PROVINCES



TABLE 4

COMPARISON OF AVERAGE PERCENTAGES OF SELF SUFFICIENCY 1975-1980

Product	Country		
	P	EC9	EC12
Soft Wheat	-	-	-
Durum Wheat	-	84	-
ALL WHEAT	59	-	103
Barley	92	107	104
Maize	27	55	47
Rice	126	93	-
Rye	99	98	97
Oats	92	97	97
ALL CEREALS	42	87	86
Butter	52	100	115
Milk	99	100	100
Beef	70	100	95
Pork	95	100	100
Sheep	100	66	64
ALL MEAT	-	98	-
Poultry	100	104	112
Eggs	100	108	101
Sugar	4	113	112
Wine	122-9	100	103
Grapes			
Olive Oil	~106	88	115
Apples	97	99	-
Pears	82	101	109
Potatoes	97	99	100
Citrus	100	51	78
Fruits			
Tomatoes	100	94	-
Vegetables	105	-	98

SOURCES: Eurostat; EC Commission Communication 15 Oct 1981; Green Europe no. 190; J. Donges et al.

eas. The Community reacted accordingly defensively. However, the sugar sector complicated matters, because while the country produced significant amounts of refined sugar, it did not produce the raw material for refining, but depended on imports from ex-colonies.⁹⁹ This presen-

ted special problems in negotiations regarding Portugal's ability to import cheap sugar cane and its refined sugar production quotas under the terms of accession, as recounted in Chapter 7. While not a major producer of wines, Portuguese production would add to the Community's surplus of low quality table wine. The sector also required restructuring and modernization, which threatened to increase production, not the opposite. Again, this posed special problems in negotiations.

Portugal, like Spain, has a severe deficit of feed grains -- it is 60% dependent on feed imports. The cost of imported feed outweighs the gains of its exports: the agricultural trade balance is constantly negative. Negotiations with Portugal in this area centred on how to prevent this trade balance worsening in the short term as Portugal applied the Common External Tariff and Community preference systems: EEC grain is more expensive than the world market.

It is obvious from this summary that potential Portuguese productive capacity was not of concern for European Community negotiators. The Community, rather, worried about the negative impact application of the Common Agricultural Policy could have on Portugal if applied incautiously. The possibility existed that the application of the CAP on Portuguese agriculture as it stood would further undermine the sector, rather than develop and strengthen it. Negotiations therefore centred on preventing Portugal from becoming a net contributor, rearranging Portugal's intervention structures, transitional arrangements, while continuing to defend the EEC in competitive sectors.¹⁰⁰

iv. market intervention

Market intervention in Portugal is dominated by state monopoly institutions. It covers virtually all production in the country, at all stages of the production process. Actual intervention follows three

simple, basic lines, but the implementation is very complex.¹⁰¹ Unfortunately, a precise breakdown of the Ministry's intervention regimes is unavailable, so the discussion below can give only a general impression of its underlying principles.¹⁰²

The basic aim of Portuguese agriculture policy until the third enlargement was to underpin both farm prices and low consumer prices for "essential" products. This followed three basic paths. Firstly, for "essential" staple products consumers receive guaranteed prices. This is the case for wheat, dairy produce, rice and olive oil. In the case of these products, both the consumer and the producer are subsidized. This helps to control inflation by limiting rises in the cost of living, with the side effect of increased government expenditure. Apart from being illegal under the Common Agricultural Policy, by 1983, the government no longer had the funds to sustain the system, and was forced to raise consumer prices.¹⁰³ A second form of intervention is occasional: support prices for some products on the rare occasions when they are in excess supply. The state has intervened to support potatoes, fruits, and rarely, wine prices for producers. Thirdly, the state sets fixed prices or fixed margins to wholesalers, processors or retailers for specific products, or specified qualities of products. This is the case with some oil seeds, and a few cereals such as barley. The result is consumer prices which are lower than producer prices, with the state bearing the cost difference.¹⁰⁴

With regard to EEC "sensitive" sectors -- wine, tomatoes, and olives, the issues remained essentially the same for Portugal as they did for Spain. Portugal had slightly restrictive policies already to control the production of olives and wine, as does Spain in these products. EEC regulations are weak in this area, and the EEC sought to head off a possible rise in production -- and surpluses -- in these

sectors by imposing relatively tough negotiation positions on these products. The tomato problem concerned Italian fear that its market share in tomato concentrates would be eroded with the inclusion of Portugal. These sectors, among Portugal's strongest in agricultural trade, received the same treatment as with Spain, even though Portuguese production would be barely noted in the EEC of 12.¹⁰⁵

There was little of contention between Portugal and the EEC regarding intervention mechanisms: as noted above, early negotiating documents show Portuguese acquiescence over completely altering its intervention institutions and mechanisms.¹⁰⁶ One sector which became contentious was the sugar sector, because of Portugal's import dependence on cane for its processing industry. The dispute in this sector concerned whether Portugal would still be allowed to process the amount of sugar once inside the Community (sugar refining is based on internal production of the raw material), and whether, or to what extent concessionary imports from Africa would be allowed, and at what price.

3. Policy and Position

What is striking about the Portuguese case is the appearance of so much consensus between Portuguese and EEC negotiators. This is understandable because of Portugal's weak negotiating position in agriculture. Negotiations on agricultural integration into the Community did not merely embrace strict trading benefits and disadvantages between the two countries, as in the Spanish case. Instead, negotiations appear to have addressed Portugal's economic planning and development as if it was a joint planning exercise. This is emphasized in the Commission's *Opinion* on Portugal's application, and also its 1984 propo-

sals for aid in restructuring Portuguese agriculture.¹⁰⁷ This would never have occurred had Portugal had a sufficiently strong sector, or a well-developed and articulated policy of its own. But the fact was that Portugal did not have an agriculture policy, either when it applied to enter the EEC or previously. Portugal did not have a policy from which to base a position. By default, then, they depended on the Community to resolve Portugal's own most pressing problems.

Therefore, the negotiations turned into something akin to a reconstruction plan for Portugal, something which Prime Minister Soares, for instance, always envisaged in membership.¹⁰⁸ The policy-making impasse inside the country made political leaders believe that accession into the EEC would suddenly enable them to create the correct policies to redress the economic disaster inside the country. This was the primary political motivation for membership, which sustained leaders during the process. EEC negotiators took advantage of this attitude.¹⁰⁹

However, the extent of this consensus, and the ease of negotiation themselves produced difficulties. If the Portuguese were willing and flexible on the issues at stake, the EEC also had first to make up its mind as to its own position. This of course was a lugubrious process, because the EEC negotiated with Portugal while looking behind its shoulder at Spain, and was preoccupied by related internal issues. The Community had no wish to create precedents in providing concessions, which although not costly for the EEC because of Portugal's small size, had disastrous budgetary implications if applied to Spain.

Portuguese negotiators resented being treated as an "afterthought" in the negotiations. They resented the delay in entry because of difficulties in the Spanish accession negotiations. Most of all, Portugal resented the EEC's inability to make up its mind and communicate with Portuguese negotiators. Few of these problems were ever resolved be-

fore the end of the negotiations. Portugal's only recourse was to make public statements to embarrass the EEC into action. At the point of highest frustration, they did not have any positive means of inducing the Community to accelerate negotiations as Spain did in its use of the NATO issue. Portugal could only use two rather weak and negative inducements on the Community. It could threaten to "burn bridges" by walking away from negotiations (with seriously negative economic consequences), or it could embarrass the Community by publicizing the EEC's harsh terms on a weak state, and by publicizing the Community's own policy malaise.¹¹⁰ They did both, to limited effect, as shown in Chapter 7.

However, before turning to the negotiations themselves, the EEC's own internal and enlargement difficulties should be examined to complete the picture. It is to this which we now turn.

CHAPTER FIVE

THE EEC

INTRODUCTION

Why did the third enlargement take so long to conclude? It was apparent from the start that the Mediterranean enlargements, and the third enlargement in particular, would not be straightforward.¹ For the EEC, the Mediterranean enlargement process re-exposed weaknesses uncovered by the first enlargement, and exposed new deficiencies.² The Commission recognized and discussed the foreseeable difficulties in its **Opinions** on the Three's applications, and also in its **Fresco** on enlargement.³ The Commission divided the Community's problems into four categories: economic and sectoral, policy implications, the transitional period, and institutional implications. At British insistence the budget problem entered this agenda in 1980, excessively concentrating attention on **cost considerations**.⁴ To resolve the difficulties enlargement was perceived to create, the Commission advocated increased efforts toward integration -- something which had not occurred in the aftermath of the first enlargement, and which had become more urgent with time.

In order to ensure the success of the new enlargement, and because it does not want to run the risk of failing in its mission, the Community must, in negotiating the entry of the three new States and organizing the transitional period, anticipate the difficulties to which enlargement could give rise for both the applicant States and the present Community. It must also rapidly strengthen its cohesion and its structures and progress towards union. This means that the Community can no longer defer taking urgent decisions for the purpose of completing the common market and of extending in depth the common policies essential to the success of enlargement.⁵

The Commission sought to make enlargement conditional on reform of the Community acquis.⁶ By drawing the Council's attention to its crisis, and by advocating increased integration as the best corrective action, it reopened the original debate regarding the basic assumptions, objectives and mechanisms of the Community. This illustrated the gulf between the integrative nature of the Treaty of Rome, and the Council's intergovernmental manner of implementing it -- and the internal contradictions these tensions produced. It also emphasized the Council's ambivalence toward European integration, articulated in the manner and form of its decision-making. Furthermore it showed that consensus on the Community's internal malaise could not generate consensus on their solution -- a perennial EEC problem.

This chapter addresses specific aspects at the core of the sectoral, policy and institutional crises, and shows how the third enlargement negotiations were hostage to their solution. Specifically, the roots of the Community's crises lay in its method of decision-making,

the Common Agricultural Policy (CAP) and its impact on the budget. Their interdependence made them insoluble in isolation. They reflected Members' ambivalence toward European integration, preventing the Community from pursuing or "deepening" common policies in other sectors.⁷ More importantly, they became the focal point around which the enlargement discussion revolved.

However, these crises did not arise from enlargement itself; their essential components began in the origins of the CAP and the Luxembourg Compromise. Each successive enlargement strained the internal coherence of Community mechanisms even more. By the time the third enlargement negotiations began, EEC budgetary resources and decision-making were already under great pressure, and the addition of new Members threatened fatally to undermine the Community. The global economic recession exacerbated these problems. Thus the case for urgent reform was undeniable. But existing Members had avoided precisely the reform issue from the Community's inception. Ironically, one of the objects of reform itself had to be used in order to implement reform: the faulty decision-making system.

This chapter examines the impact of the European Community's internal dynamics on the enlargement process. First, it examines the EEC's **institutional structure** with regard to its internal negotiation/decision-making procedure. In particular, it concentrates on the central role played by the Council and its relationship with the Commission, which highlights the roots of the Community's crisis malaise. Next, it examines how the Community's **internal negotiation/decision-making system** constrains its ability to negotiate with third parties generally. Thirdly the basic assumptions and mechanisms of the **Common Agricultural Policy** (CAP) are investigated, and its endemic imperfections discussed. This indicates the extent of the reforms facing the

EEC during the negotiations, where difficulties in achieving them lay, and why. The discussion of the CAP naturally leads us to its **budgetary impact**, and the internal wrangles associated with it. Finally, the entire discussion indicates the specific nature of the EEC's **bargaining behaviour** towards the Spanish and Portuguese negotiators.

1. INSTITUTIONAL STRUCTURE

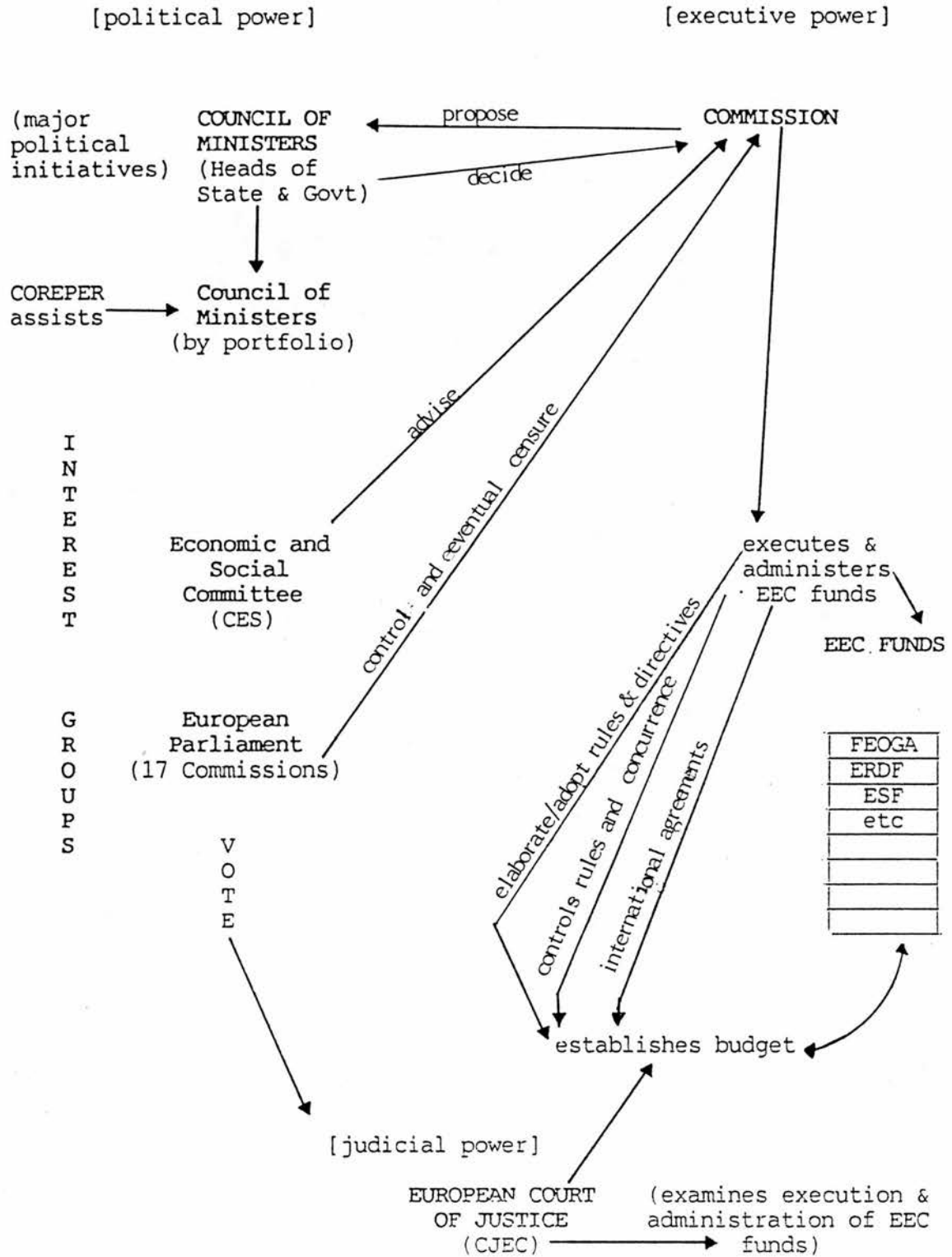
The conventional division of government relationships comprising the executive, the legislature, and the judiciary does not readily apply to the EEC.⁸ Instead, the executive-legislative distinction blurs when one examines the relationship of the Commission, the Council of Ministers, and the Assembly. The Treaty of Rome conceives these institutions "not only cooperating but indeed working as a team so that the role and significance of any one cannot fully be appreciated in isolation."⁹ It is not the purpose of this thesis to rehearse the minutiae of these relations -- they have been well and widely recorded elsewhere.¹⁰ The purpose here is to highlight the institutional relationships affecting its behaviour in the third enlargement process. This discussion refers to the EEC's institutional structure before the **Single European Act** (SEA, 1986) came into effect.

A. The European Parliament and the Economic and Social Committee

As **Figure 1**, below, suggests, the Council of Ministers and the Commission occupy the primary decision-making roles in the Community. Until the creation of the **SEA** (1986), the roles of the European Parliament (EP) (also called the Assembly), and the Economic and Social

FIGURE 1

INSTITUTIONAL STRUCTURE OF THE EUROPEAN COMMUNITY



SOURCE: G. Dorel, A. Gauthier, (1987), p. 105.

Committee (CES) were virtually always consultative.¹¹ In particular, the Council must "consult" the Parliament **before** deciding on a Commission proposal, but the Parliament's opinion has no binding effect.¹² The European Parliament's influence on policy matters depends (a) on the Council's willingness to allow it; which is contingent upon (b) the importance of the issue.¹³ The more important an issue (i.e., the greater its impact on the Community), the more likely that controversy will arise. The more controversial an issue is -- particularly between the Council and the Commission -- the less likely the Parliament's judgements, suggestions, etc. will be heeded by the Council.¹⁴ This is one reason why the Parliament has little influence on sensitive agriculture issues. It explains in turn its impotence as an accelerator of negotiations.¹⁵

The limited impact of the European Parliament and the Economic and Social Committee underlines the importance of the Commission-Council of Ministers relationship. A deeper understanding of this relationship, and its impact on the Community's internal decision/negotiation process, and its negotiations with third countries, demonstrates the crucial role of Commission-Council relations.

B. Interest Groups in the European Community Context

The Treaty of Rome does not mention European interest groups, but both the Commission and the European Parliament accept their presence.¹⁶ Eurogroups coordinate national pressure group interests at Community level, usually by sector or subsector. They provide "experts" for both the European Parliament and the Commission, valuable input to the Commissions sectoral Management Committees, and lobby at the Commission, COREPER, European Parliament and CSA levels. Their effecti-

veness depends on their membership levels, organization, and homogeneity. In the agriculture sector, generally only national groups are members of Eurogroups such as COPA.¹⁷ Agricultural Eurogroups are among the most powerful in the Community, and are divided between general groups on a sectoral basis, such as the COGECA, COPA, COMPERA, CIAA, and specific sub-sectoral groups, such as the CIBE.¹⁸

Eurogroups exhibit greatest influence on Community policy- and decision-making **before** matters go to the Council, when the process is at its most open. Once placed before the Council, decisionmaking on initiatives becomes closed.¹⁹ The Commission recognises only Eurogroups, not national interest groups. The Council, in contrast, does not communicate with Eurogroups. This explains why interest groups pursue a two-track strategy in the Community, lobbying ministers at national level, and European institutions at Community level.²⁰

The Eurogroups' impact on the enlargement process was limited to the policy discussion and formulation stages, before serious Council discussions began on the reform of the **acquis communautaire**. This accounts for the flurry of activity, both at national and Community levels, of interest groups during the open diagnostic and formula phases (1978-80) of the negotiations -- particularly regarding Spanish entry. Some members of COPA, in particular, organized, if not against the third enlargement, at least to protect the existing Members' **status quo** interests of preserving the **status quo** of the price-oriented income support policy, which enlargement threatened.²¹ Their impact on enlargement dissipated after 1980, when only the Council and the Commission discussed CAP reform and agricultural aspects of enlargement.

C. Commission-Council Relations

The relationship between the Commission and the Council is collegial, as noted above, but we can differentiate between the intentions of the Rome Treaty and practice since 1965-66.²² The Treaty of Rome indicates that the Commission's role emphasizes executive powers, and the Council of Ministers emphasizes "senatorial" powers, implying the Commission greater "weight" in the Community.²³ Since the "empty chair crisis" and the Luxembourg Compromise of 1965-66, the Council's authority has, in practice, been greater.²⁴ Our discussion examines decision-making before the passage of the Single European Act (1986). The specific activities of the Commission are as follows. The Commission maintains the sole right to initiate EEC legislation, although the Council may request that it undertake particular studies on which to base further legislation.²⁵ Generally, the Commission consults "experts" and relevant European interest groups in order to formulate a directive, policy or other initiative.²⁶ It submits its proposal to the Council (via the COREPER or the Special Committee on Agriculture (CSA)) the European Parliament and the Economic and Social Committee. No proposal is published until all institutions officially acknowledge its receipt.²⁷ The European Parliament and the Economic and Social Committee may suggest amendments to opinions or proposals, which the Commission may or may not heed. COREPER coordinates the policy proposals technically for the Ministers in the Council, providing the individual Members' views on the proposal as a basis for Council decisions. When the Council debates it, the Commission may be called upon to mediate for the Council, or to amend its proposals before the Council votes on them in order for agreement.²⁸ The Council may return the Commission's proposals, asking for substantial amendment, or it may reject them altogether. Once the Council approves a proposal, the Com-

mission implements it and monitors its performance -- it becomes part of the *acquis communautaire*.

Ultimate authority in the Community rests with the Council of Ministers, without whose approval Community policies and legislation does not exist. Policies and legislation stand or fall in the Council of Ministers, and the ultimate source of blockage in policy and legislation lies in the Council. The Council's role according to the Rome Treaty is "senatorial" because it represents the interests of the individual member states without allowing the tyranny of either large or small states. The Treaty envisaged a large proportion of policy and legislative decision-making within the Council occurring through the use of weighted majority voting.²⁹ Thus, the concept of sovereignty was expected to be adequately preserved, while still allowing for progress toward European unification.

However, the concepts of "national sovereignty" and "European unification" are irreconcilable. To have one denies the other. This is the source of a very basic and unresolved controversy regarding the elemental assumptions and objectives of the Community, which has direct implications for its decision-making mechanisms.³⁰ For integration to proceed, states must hand over sovereign rights and duties to the Community. But individual governments (articulated by the Council) are chary of doing this. Hence the ambivalence about the desirability and scope of integration, and on qualified majority voting in the Council.³¹ Majority voting represents a *de facto* erosion of sovereignty, with its attendant policy and political implications. The unanimity principle, however, undermines European integration. The Treaty of Rome failed to resolve these tensions between national and supranational authority.

Thus, French objections to the use of weighted majority voting in

1965-66, during the "empty chair crisis", are unsurprising. The Luxembourg Compromise -- or something similar -- would probably have occurred anyway.³² But while the Luxembourg Compromise's "agreement to disagree" constituted an escape hatch through which Members might defend their interests on "very important issues", it has also created a decision-making nightmare from whose effects the enlargement process suffered. It did not reconcile the tensions between Community and national interests -- it put off the problem. Before the advent of the **Single European Act** (1986), the right of a Member to veto before 1986 was challenged only once, against the United Kingdom in 1982.³³ Its impact on both the quantity and quality of Community decision-making has been negative.³⁴

Without a strict definition, the concept "very important interests" is an invitation for abuse, as the third enlargement amply illustrates.³⁵ Any member of any Council may invoke the veto or unanimity on any issue merely by raising the "important interests" flag. The interests might be legitimate; or the ministerial articulation of the interests of an economically insignificant (but vocal) national pressure group; or, they may be the result of party-political posturing in the run-up to an election. Certainly the veto has been used for the latter two purposes when the Council discusses Common Agricultural Policy. Election cycles in the Community are not synchronized; which raises the potential for delay or obstruction of important decisions.³⁶

The existence of the veto also enables Members to engage in "positional" struggles in order to maintain or enhance positions relative to one another. This diverts attention away from the substantive issue at hand, and leads to poor "solutions".³⁷ In order to implement controversial decisions such as the reform of the CAP, a lowest-common-denominator solution must be found to obtain unanimity. Often it turns

into a hunt for the solution which repels Members least, not that which appeals most. The difficulty of this search increases with the number of Members in the Council. The "political" compromise solutions thus derived often do not adequately address the problem which they are supposed to solve. Thus the Members, rationally exercising self-interest and national sovereignty by their emphasis on and use of the veto, create a paradox in policy-making. **The sum of individual rational self-interest does not create policies enhancing collective self-interest.** Once again, the third enlargement negotiations supply ample evidence of such activity.

The preceding discussion emphasizes that frequent use of the veto creates a decision-making process which requires a high degree of **negotiation** at all levels.³⁸ The amount of internal negotiation depends on the sensitivity of the issue. The concept of negotiation itself implies that an outcome (decision or policy) rests more on the **political compromises** made to achieve it than on specific "objective" requirements of the issue discussed. Thus it is inaccurate to discuss the Community's decision-making processes as simple "decision-making", because of the negotiation component. This is why the term **negotiation/decision-making** is used in this thesis.

The difficulties in this tortuous negotiation/decision-making process create the Members' unwillingness to address "difficult" or controversial questions at all, or efforts to dilute them. Some Councils, such as the Agriculture or Transport Councils, delay (and avoid) their decisions by sending them to the Council of Heads of State and Government (the European Council), which formally met three times per annum. Sending problems to the Council of Heads of State and Government takes issues outside the (economic) context of the Community, and puts them into the non-Community political context. It exacerbates the bottle-

neck in the Community's policy output. This tendency has increased with the complexity of the issues addressed.³⁹ The Council recognizes this problem and has sought to ameliorate it through increased use of majority voting -- without, however, discarding the Luxembourg Compromise altogether, or indicating its more specific use until the advent of the Single European Act (SEA).⁴⁰ But the SEA remains silent about majority voting on agricultural issues, and agriculture is the source of most blockage. This fails to solve the decision bottleneck, and has created a **reform bottleneck**. Neither problem can be solved until they cease exporting their (national) difficulties to Brussels, and concentrate instead on common solutions.⁴¹

When the Council finally addresses contentious issues, the political compromises required often force it to combine several issues together to balance Members' individual interests at once. Such "package deals" make later reforms of the *acquis communautaire* even more tortuous, because in order to resolve one issue, the delicate balance of interests created by the "package deal" is upset, and the entire package, or a new one, must be negotiated. Agriculture reforms provide a case in point, even to the extent of the root problem not being tackled. Council decisions are at best reactive, or inertial.⁴²

The primacy conferred on the Council by its use of the veto, and its concomitant difficulties in reaching decisions encourage the Council of Heads of States and Governments' abuse of Article 152. It seeks to resolve urgent, contentious issues through political agreements within the Council which outline the basic form a policy or initiative should take. It then asks the Commission to undertake studies upon which to base new proposals, but it defines specific parameters and orientations which those studies must take for the Council to provide a decision.⁴³ Such actions clearly exceed the intent of Article 152,

and undermine further the Commission's role vis-a-vis the Council. This behaviour was firmly entrenched and extensively utilized during the third enlargement and "reform" of parts of the *acquis*.⁴⁴

The above scenario creates substantial tensions in Commission-Council relations.⁴⁵ The Commission is unable to carry out its duties as the Rome Treaty provides, and is undermined by the Council's actions. Furthermore, the difficulties in Council decision-making create self-censorship in the Commission, which prevents creative and effective initiatives from evolving. This is particularly the case with regard to agriculture.⁴⁶

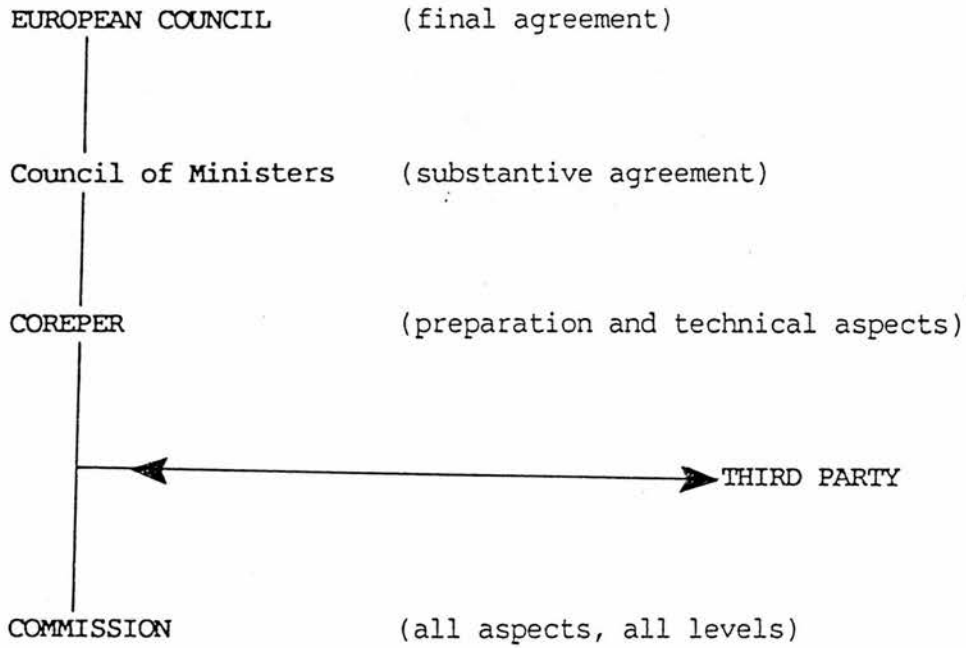
This, then, is the tangle of internal negotiation/decision-making upon which the third enlargement relied. It is obvious why the third enlargement negotiations were so problematic because of their contingency on internal EEC reform. The point to note here is: **while the enlargement negotiations themselves required unanimity, many of the EEC's internal reforms did not.** The use of qualified majority voting to attain reforms of the agricultural *acquis* in particular would have yielded results far more quickly, especially at points when only one state prevented the Community from agreement.

D. Negotiations with Third Parties

The EEC conducts international negotiations through the Commission, the Council and the Council's COREPER, as illustrated in **Figure 2**, below.⁴⁷ To open negotiations with a third party, the Commission reviews all requests to negotiate agreements first, passes its **Opinion** to the Council of Ministers (Heads of State and Government). The Council may follow the Commission's suggestions, as with the Iberian enlargement in 1977, or it may reject/ignore the Commission's findings,

FIGURE 2

EEC NEGOTIATIONS WITH THIRD PARTIES



as with the Greek enlargement in 1975.⁴⁸ The Council must instruct the Commission to produce an Opinion, and vote unanimously to open negotiations with third parties. All of the Community's negotiating positions must be unanimously approved by the Council. All enlargements must be ratified by all the existing member states.⁴⁹

In order for Members to reach an agreed negotiating position, they first negotiate among themselves.⁵⁰ This internal negotiation/decision-making process to attain positions makes the Community highly inflexible, because the longer the Council consider Commission proposals, the more positional interests arise. Thus, the Community raises its own demands and lowers its willingness to concede.⁵¹ As long as negotiations with third parties do not force a re-evaluation of the existing *acquis communautaire*, the Council's deliberations on common

negotiating positions are a relatively straightforward process.⁵² However, if international negotiations affect the *acquis*, they automatically trigger the internal negotiation/decision reform process discussed above. This revolves around Members' perceptions of vested interests on the issue at hand. Any state wishing to oppose, change (or uphold a position vis-a-vis the others) may utilize the veto, or force unanimous voting by invoking the concept of "national interest". When this occurs, Members must first cobble together a "political" solution to which all can agree (or not object), and then present the outcome in negotiating terms to the third party.

The above scenario does not imply that only individual Members trigger the process individually. Often several Member States cling tenaciously to incompatible positions, making "political solutions" difficult or impossible to achieve.⁵³ When this occurs, the EEC's part of any negotiation is paralysed. If the EEC is the major player in negotiations -- as for example in enlargement negotiations -- then the negotiations are also paralysed until the EEC can overcome its internal impasse. In other negotiations, to which the EEC is but one of many players, the Community has been known to "drop out" of negotiations because of its inability to reach internal agreement on a position. Now that the EEC is a global trading partner, its inaction can halt international trade agreements. This has been the case with regard to the International Sugar Agreement, for example. It has also been a source of difficulty in various GATT trade discussions -- particularly with regard to trade liberalization in agriculture.⁵⁴

Unfortunately, given the nature of the EEC's trade regime, virtually all negotiations with third parties affect the *acquis*. If the EEC negotiates a trade agreement with a third country, it naturally interferes with its bias toward "Community preference".

Any interference with "Community preference" affects the **acquis**, and triggers the internal negotiation/decision process. Modifications in the Community's bargaining positions become incremental and minute, with heavy fudging of issues. For the third country, any concession becomes a major victory. This renders negotiations with the EEC tortuous and highly introspective (on the EEC's part) by definition, as demonstrated in Chapters 6 and 7.

It makes the EEC as a unit both defensive and inflexible at the negotiating table. The EEC is **defensive**, because Members as a collectivity naturally prefer to negotiate on the basis of a status quo **acquis communautaire** than contemplate changing it as a result of the negotiation. In order to change the existing **acquis**, Members must "unpick the knitting" of previous "package deals", which often tie logically unrelated issues together.⁵⁵ This makes the internal negotiation/decision process time-consuming, complicated and often painful for the Community as well as third parties. If a re-examination of the **acquis** is triggered, the Community may agree on a negotiating position only after the internal negotiation/decision process has run its cycle. This makes the Community **inflexible**, because once forced into the internal cycle, and once having arrived at a "solution" which yields a common negotiating position, they are unwilling to alter that common negotiating position. Of course, to alter a common negotiating position risks triggering the internal negotiation/decision process all over again, at the insistence of one or more Members. The Community, in effect, is unwilling to "compromise", "yield", "converge" or play a conventional role as a negotiator.

Furthermore, if it is difficult for the EEC to address substantive issues **internally**, its difficulties in doing so while negotiating with third parties are even greater. The Community adopts an apparently

contradictory position while negotiating with third parties: it conducts its internal discussions about changes to the **acquis** defensively, to protect itself from whatever impact the third party may have on it. However, if the impact of the third party threatens to force a significant change in the **acquis**, discussions on internal reform are so complicated that the Community finds itself compelled to discuss such reforms **without reference to the third party's position on internal reform** -- in effect negotiating both with and without the third party in mind. The discussions of the **Mediterranean acquis** reform provide a case in point. Thus it is impossible for the EEC to be a "good" negotiator, because it cannot behave as one: its internal dynamics militate against it.

2. THE COMMON AGRICULTURAL POLICY

The Common Agricultural Policy (CAP) is the Community's most important policy, covering all major production in the sector. In expenditure terms, its price and storage intervention systems consume the vast majority of the Community budget. It is the only truly unified EEC policy in terms of prices, markets, etc. But it contains fundamental flaws whose impact go beyond the boundaries of either the primary sector or the CAP itself. These flaws arise less from its objectives than the manner and instruments of their implementation. Reliance on the price mechanism, exclusive of supply and demand considerations, makes the CAP insensitive and irrational as a policy, and fails to solve some fundamental problems of European agriculture.⁵⁶

The existence of entrenched status quo interests prevents any radical shift in the policy. These entrenched interests are, firstly,

the states which benefit most from the CAP, and for whom the CAP was created (France and West Germany; later Denmark, Netherlands, Eire), and agricultural pressure groups, highly organized at both national and European levels. The most highly organized and effective agricultural pressure groups are French and West German although other Members' interest groups should not be discounted entirely. The imbalance of sectoral intervention -- the "northern bias" of the CAP -- reflects Franco-German interests as well. Historically, no major change has occurred in the CAP without the agreement of its major beneficiaries: France and West Germany. Finally, the decision-making processes in the EEC enable any state with "very important interests" (in particular, but not exclusively, France) to force unanimity on agricultural policy discussions and initiatives. Certainly France utilized the veto greatly to her advantage during discussions on Mediterranean CAP reform, upon which the enlargement negotiations depended.

A brief discussion of the CAP is essential if we are to understand why the reforms were so difficult to achieve, and why the enlargement negotiations contingent upon CAP reform became so tortuous.

A. Objectives and Principles of the CAP

The Common Agricultural Policy (CAP) was devised to address trade, economic, social, political and regional considerations.⁵⁷ In order to balance French and West German interests in the nascent EEC, French comparative advantage in agriculture was exchanged for the West German advantages in manufactured goods. In economic terms, to promote a common market without including agriculture would have distinguished the EEC less from EFTA, would have favoured some Members over others in trade terms, and finally would have created disequilibrium between

sectors (via trade effects) both for individual Members and the collectivity. Overall development and modernization, balanced regional development, the achievement of food security and adequate incomes in all sectors provided interdependent economic, social, political and regional considerations. Belgian statesman and first Agriculture Commissioner Henri Spaak affirmed these ideas, declaring that,

One cannot conceive of the establishment of a general common market in Europe without finding agriculture included. It is one of the sectors in which productivity would result from a common market, that is to say, from progressive specialization of production and of markets, could have the most important effects on the living standards of producers as well as consumers. On the other hand, this inclusion of agriculture within the Common Market is a condition of equilibrium of exchange between different economies of the Member States.⁵⁸

The basic objectives of the CAP as expressed in Article 39 of the Rome treaty are as follows:

1. The Common Agricultural Policy shall have as its objectives:
 - (a) To increase agricultural productivity by developing technical progress and by ensuring the rational development of agricultural production and the optimum utilization of the factors of production, particularly labour;
 - (b) to ensure thereby a fair standard of living for the agricultural population, particularly by the increasing of the individual earnings of persons engaged in agriculture;
 - (c) to stabilize markets;
 - (d) to guarantee regular supplies; and
 - (e) to ensure reasonable prices to consumers.
2. In working out the common agricultural policy and the special methods which it may involve, due account should be taken of:
 - (a) The particular character of agricultural activities arising from the social structure of agriculture and from structural and natural disparities between the various agricultural regions;
 - (b) the need to make the appropriate adjustments gradually; and
 - (c) the fact that in Member States agriculture constitutes a sector which is closely linked with the economy as a whole.

At Stresa in 1962, Member States agreed to express these objectives through six principles:

1. Community preference in agriculture;
2. A uniform external tariff;
3. A single market area;
4. Free internal movement of agricultural products;
5. Common prices within the market for main agricultural products;
6. Shared financial burden of the CAP.

The first two principles express the "Community preference" idea. The third, fourth and fifth principles express the concept of "market unity". The final two principles (five and six) address the notion of "financial solidarity".⁵⁹

All these aims are laudable, but some are contradictory, and most are violated. For example, the notion of a "fair" farm income (explicitly interpreted to mean "comparable to industrial incomes") contradicts the idea of "reasonable" prices to consumers. Most of the other norms are accepted as befitting industrialized capitalist countries. Industrialized countries accept security of supply and market stability, implementing policies accordingly to ensure the economic success of their societies.⁶⁰ But there are numerous ways of obtaining these norms. The idea of primary sector modernization also fits well, as does concern for regional peculiarities and development equilibrium.

Moving on to the CAP's guiding principles, note that the two Community preference principles are designed (a) to encourage internal consumption of Community products and (b) to prevent world agriculture from competing against Community products. Community preference is designed to ensure the viability of EEC agriculture, but the blanket protection from international competition provides a disincentive to economic efficiency -- in terms of unit cost of production. This creates production and trade distortions.

The three principles concerning market unity create problems regarding prices and exchange rates. The absence of European monetary integration, and the existence since 1971 of floating exchange rates, strained the principle of Community-wide common prices in agricultural products. Monetary Compensatory Amounts (MCAs) and "green currencies" were introduced in 1969, and made permanent in 1971 to ameliorate price distortions caused by exchange rate fluctuations. Their dismantlement has been discussed but not implemented. MCAs themselves create price and trade distortions.⁶¹ This problem has never been tackled by the Community, both because of the deeper (integrative) issues involved, and also because Members have learned to take advantage of MCAs and green currencies to the satisfaction of primary sector opinion.⁶²

The principle of "financial solidarity" expressed in the fifth and sixth principles exhibit the exchange rate deficiency noted above. The idea of a "shared financial burden" is feasible only as long as all participants agree to pay no matter the level of benefits received. Thus this principle works only if all Members accept the idea of net transfers within the Community, and the net contributors agree to tolerate "free riders". The idea that there should be net beneficiaries and net contributors in the system went unchallenged until after the first enlargement to include Britain, Denmark and Eire occurred. Britain suddenly found herself structurally disadvantaged and paying much more than she received. This is an underlying reason for the UK to link a satisfactory budget settlement to the success of enlargement negotiations, starting in 1980.⁶³

B. Intervention System

The intervention mechanisms of the CAP are complex, but can be characterized in simple terms. The discussion below examines intervention in terms of market organization and prices, aids, exchange rates, the import levy system and common external tariff (CET). It exposes the inherent policy defects which produce gross distortions in production, markets, trade, and Community budget expenditure. For the purpose of this thesis it is not necessary to cover these aspects in detail -- only the CAP's **general functions** and the effects they generate concern us here. This enables us to understand the EEC's incoherent and contradictory negotiation postures towards Spain and Portugal.

i. markets and prices

As Fennell and Hill note, no industrialized country operates a completely free market in agricultural products. States recognize the natural risks threatening agricultural incomes (and by extension, production), and intervene in order to support farmers enough to perpetuate adequate food production. Farm income support can be directed through structural and social measures, but more often occurs via market and price organization. In this respect at least, the CAP follows conventional practice.⁶⁴ While the market system for major agricultural commodities required minimal adaptation for the original Members the prices of products **between** them varied considerably, creating difficulties for common price policy. This reflected the opposing interests of net importers and net exporters of key agricultural products. Traditional agricultural importers, such as West Germany and Italy, upheld high internal prices for deficit produce (grains, meats, dairy), while traditional exporters such as France and the Netherlands held down prices of surplus products (grains, dairy, wine, etc). In

doing so, both importing and exporting Member States recognized the need to respond to supply and demand factors in national policy. The Community, oriented towards achieving a single agricultural market, had to reconcile these opposing policies.

The political compromise resolved the price problem at the expense of supply, demand and other considerations, and is the source of the CAP crisis. Grain prices became the linchpin of the entire system because of their importance to human consumption and as a livestock feed input. This partially explains the "northern bias" of the CAP.⁶⁵ It protected both French and West German farmers.⁶⁶ The Community failed entirely to introduce mechanisms either to control supply, or to relate overall supply to demand.⁶⁷ Furthermore, the system did not differentiate between large, medium and small farmers, which exacerbated the problem of farm income disparities in the long term.

The variety of price intervention mechanisms is rich and complex, as demonstrated in Table 1, below.⁶⁸ A cursory examination of Table 1 indicates the extent to which northern products -- cereals, sugar, beef and dairy products -- are favoured by the CAP. This explains why the Community neglected Mediterranean agriculture until the third enlargement neared.⁶⁹ Table 2, below, shows the overall level of EEC support by sector, taking into account both internal price supports and external protection. Once again, the northern product bias -- which also benefits large farms -- stands out clearly.⁷⁰

The absence of production limitations of any kind merely exacerbated the price regimes' inherent distortions. This is particularly the case when we remember Community farmers tend to concentrate on **intensive** farming -- that is, they seek to maximize the yield of products through the use of inputs such as fertilizers, concentrated feeds, etc. Naturally, Community farmers oriented their production towards

the most favourable intervention regimes. Just as naturally, the principle of regional specialization according to natural comparative advantage was subsumed by price regime policies. It was inevitable that those products enjoying the highest rate of support would rapidly move into a position of surplus on a Community scale. A comparison of Table 3 with Tables 1 and 2 illustrates the correlation between support level a product receives, and its tendency to superabundance. The Commission recognized this problem early in the CAP's existence. Agriculture Commissioner Sicco Mansholt saw the irrationality of the prevailing policy, and sought to palliate it by emphasizing efficient rationalization of the primary sector in the 1968 Mansholt Plan. The Plan remains largely unimplemented for social and political reasons.⁷¹ The Community also attempted to stimulate demand for surplus products, which met with limited success, and has complicated the effect of the original (and intact) price regimes. Increasing self-sufficiency weakens market prices, which stimulates higher levels of intervention buying and storage subsidies. The entire system weakens farmers' incentive toward efficient production (understood in terms of minimizing the price of input and maximizing the price of output). **The CAP encourages inefficiency.** These distortive effects all carry ominous budgetary implications.⁷²

The intervention mode described above made the farmers of the Community's leading states happy, which institutionalized and petrified support for the existing system. French cereal and dairy farmers, who previously criticized their governments' low price policies, enjoyed high levels of support without production restraints. West German farmers in the inefficient cereals and beef sectors retained guaranteed income levels and did not move into other product areas naturally favoured by their environment. Such a system enjoyed a social and poli-

TABLE 1

EEC AGRICULTURAL INTERVENTION REGIMES

Product	TARGET PRICE 1	GUIDE PRICE 2	NORM PRICE 3	BASIC PRICE 4	INTERVENTION PRICE 5	WITHDRAWAL PRICE 6	MINIMUM PRICE 7	PRODUCTION PRICE 8	DEFICIENCY PYMT 9	THRESHOLD PRICE 10	SLUICE GATE PRICE 11	REFERENCE PRICE 12	VARIABLE LEVY 13	SUPPLEMENTARY LEVY 14	CUSTOMS DUTY 15	EXPORT REFUND 16
soft wheat	x				x					x						x
hard wheat	x				x			x ^a		x						x
barley	x				x					x						x
rye	x				x					x						x
maize	x				x					x						x
rice	x				x					x						x
white sugar	x				x					x						x
beet sugar							x									
oilseeds (rape, sun- flower)	x				x				x							
soya beans	x				x				x							
linseed		x							x							
castor seed		x					x		x							
cotton seed								x								
peas & field beans	x ^b						x		x							
dried fodder								x	x							
fiber flax & hemp								x								
butter					x					x			x			x
skimmed milk powder					x					x			x			x
cheese(c)					x					x			x			x
beef (live)		x											x		x	x
beef meat					x											
veal					x										x	x
pigmeat				x	x						x			x		x
sheepmeat					x				x			x				
eggs											x			x		x
poultry											x			x		x
fresh fruit & vege- tables				x		x						x			x	x
olive oil		x			x ^f			x	x ^e	x			x			x
wine		x			x ^f							x			x	x
hops									x						x	
tobacco			x			x			x						x	x

NOTES: a = certain regimes only

b = activating price

e = olive oil consumer subsidy

f = wine storage contracts and
distillation

SOURCES: R. Fennell (1979); L. Benelbas (1983).

TABLE 2

LEVEL OF EEC INTERVENTION SUPPORT ACCORDING TO SECTOR

Product	High	Support Level		
		Firm	Moderate	Low
cereals	x			
sugar	x			
dairy	x			
beef	x			
veal	x			
pigmeat		x		
sheepmeat		x		
eggs		x		
wine		x		
olive oil	x			
fruit				x
vegetables				x
hops			x	
tobacco		x		

SOURCE: R. Fennell (1979), p. 111; J. Marsh, P. Swanney in J. Lodge (ed) (1983), p. 59.

TABLE 3

EEC AGRICULTURAL SELF-SUFFICIENCY: 1956-85

Product	1956-60	1974/5	1980	1985
all wheat	90%	-	114%	140%
barley	84%	-	111%	85%
maize	64%	-	62%	85%
cereals	-	94.7%	-	-
butter	101%	-	120%	-
beef	92%	100.0%	103%	107.7%
pork	100%	98.0%	100%	102.2%
poultry	-	-	107%	-
eggs	90%	101.0%	101%	101%
sugar	104%	110.1%	125%	131.7%
wine	89%	108.0%	112%	96.9%
soft fruit	-	79.0%	83%	-
citrus fruit	-	44.0%	-	48.1%
potatoes	101%	101.0%	101%	102.7%
vegetables	-	94.0%	99.9%	-

SOURCES: Eurostat, Agriculture Yearbook, EEC Commission, Annual Agricultural Report.

tical justification only as long as the level of agricultural employment constituted a generous proportion of the EEC labour force. However, by the late 1970s only Ireland had an agricultural workforce of over 10%, and the social justification for supporting farm incomes was less defensible. This is particularly the case when one notes the growing income gap within the farming sector. Only about 25% of EEC's farmers receive 75% of the Community's guarantee intervention funds: these beneficiaries tend to comprise large-scale, highly efficient units. Price and marketing policies defy income redistribution.⁷³

It should not surprise us that national agricultural interest groups (and their Ministers) which benefit most from the present system defend it most staunchly. In particular, West German farmers seek constant upward adjustments in yearly price levels, and their Ministers historically never demur. After the first enlargement, the Irish and Danes (also well represented by their ministers) joined the Germans and ^{occasionally the} French. At the Community level, agricultural Euro-groups such as COPA strongly reinforce the trend.⁷⁴

The CAP's extension to include new regimes, such as sheepmeat, upholds the general trend in high price level intervention, with disregard of its economic rationality.⁷⁵ Obviously, farming interest groups insist on nothing less. COPA, for instance, firmly commits itself to an open-ended, high price intervention policy across all Community agricultural produce. The established European farming interest, which was "northern" dominated at the outset of the second and third enlargements, hardly welcomed the introduction of strict regimes on new products to control supply, demand and price, which undermined the precedent of the highly favourable status quo ante. Furthermore, farming interests representing "southern" agriculture themselves did not welcome automatic discrimination of strict production and pricing re-

gimes for their products relative to northern producers. Southern producers, too, preferred open-ended, high price intervention systems, as discussion of the Mediterranean *acquis* shows. Hence it was politically far easier for Agriculture Ministers in individual Members to opt for "generous" Community policies favouring their national sectors, rather than "rational" policies favouring the Community interest. The Community, after all, has no sanction for "irrational" Community decisions, but national interest groups have the sanction of the vote for "irrational" national decisions. Note that the definitions of "rationality" between the Community and individual Members oppose one another.

The creation of a vociferous, powerful political constituency in favour of the current system forms a major obstacle to its reform. Farmers never consent to cuts in their income levels. But a return to supply/demand equilibrium requires that at least some farmers' incomes be sacrificed, which they will always lobby against. Ministers, mindful of their constituents, will always be pressed to uphold the *status quo* and may even invoke "very important interests" in order to do so. Naturally Ministers' political will to reform the CAP is weak. They exist to defend national interests. It is in the interests of farmers to receive more: but farmers interests are against Community interests and consumers' interests. Agriculture Ministers answer directly to farmers, not to consuming society. To allow one's constituents to "lose" is to allow a *de facto* erosion of sovereignty, bureaucratic Ministerial influence, and to invite a loss of political support.

The Community's negotiation/decision-making system emphatically reinforces the trend to defend the *status quo* through the veto. Community negotiation/decision-making processes make upholding an irrational CAP easy, and makes the (national) political costs of reform dis-

proportionately high.⁷⁶ Minute, incremental change -- if any at all -- is the order of the day, as amply demonstrated in the third enlargement process.

ii. exchange rates

Further complications to European agriculture policy lie in its lack of monetary integraton. Community prices are calculated in Agriculture Units of Account (AUA) -- "green money". At the outset, the underlying assumption of Members' fixed exchange rates and therefore that the calculation of common prices would be simple, made the Community inattentive to the problem of price distortion in a common agricultural market. This lasted two years, until 1969, when France devalued the Franc, and West Germany revalued the Mark. As a result of these exchange rate changes, common prices distorted immediately. Put simply, the effects of exchange rate changes are as follows:

1. **Devaluation** has the effect of causing farm prices to rise, and raises farm incomes. It also raises consumer prices. The net effect, therefore, is positive for farmers and negative for consumers.
2. **Revaluation** has the effect of lowering farm prices, and therefore lowers farm incomes. It lowers consumer prices. The net effect, therefore, is negative for farmers and positive for consumers.⁷⁷

Had the Community allowed this situation to exist without realigning green currencies, higher French prices would have stimulated overproduction and exports, aggravating the surplus and budgetary problem. Lower West German prices would have depressed farm incomes, led to increased competition from imports, and depressed exports. Political and social problems would have resulted within the German primary sector, and between France and the rest of the Community. The Community sought to prevent this by introducing Monetary Compensatory Amounts

(MCAs), a system of import levies/subsidies and export subsidies/levies to "compensate" for such currency fluctuations.⁷⁸

After the introduction of floating exchange rates and the Smithsonian Accord of 1971, the "green" currency rate ceased to be tied to the Community's basket of currency (EMU, now ECU). Green rates were made adjustable according to products, and Member States soon realized that green rate manipulations could yield effective price rises or decreases for farmers and consumers -- outside the yearly Community common price negotiations. In effect it became possible to sidestep attempts at price control via the green rate. Variable MCAs were intended to smooth any distortions in trade between Members. However, the effect of both variable rates was the disappearance of common prices altogether, which defies objective 2.A above.⁷⁹

The effect of these instruments is to blur even further the operation of common price regimes, and to enable further production distortions. Production is overexpanded with devalued green rates and positive MCAs; it is artificially suppressed where revalued green rates and negative MCAs exist. Those Members with consistently positive MCAs, in particular West Germany and the Netherlands, have historically expanded production at a faster rate than Member States with negative MCAs.⁸⁰ This enhances the irrationality of common policy, but it does yield more individual control over national agriculture policy -- at the expense of the Community as a whole, of course.

iii. aids

The Community introduced structural and regional aids to redress various social, economic and regional disparities which created structural disadvantages for some farmers. The "income gap" both within the primary sector itself, and between the primary and other sectors

was a major social and economic problem which most of the policies address, by various means.⁸¹

Structural aids are oriented toward modernising the primary sector to make efficient producers of all farming units. They can be divided between general aids, and specific sectoral aids.⁸² There are special Mediterranean sectoral aids for wine for French farmers to encourage conversion and scrubbing of vines (to little effect).

Regional aids go to specific less-favoured areas (LFAs) which the Community considers to have natural competitive disadvantages in farming compared to other regions. The regional aids policy is an inherently social and political one, generally aimed at maintaining a minimum (farming) population in remote and inhospitable areas. It is socially and politically laudable, but flies in the face of the norm of "regional specialization" and efficiency.⁸³ It encourages, by definition, inefficient and marginal production. However, the social (and high political) advantages of maintaining populations in remote areas of, say Scotland or along the West German borders could justify the relatively small economic distortions caused by the regional aids now in force. A significant expansion of regional aids might, used injudiciously, cause more serious distortions.

We should note that the proportion of the Community budget devoted to "guidance" (aids of any type) in the primary sector bears little comparison to the price "guarantee" section. The compulsory FEOGA guarantee section consumes the lion's share of FEOGA resources, and by extension the budget. Aid generally forms part of the "non-compulsory" section of the budget, and as such, is puny in both size and effect.⁸⁴ Until the advent of the second and third enlargements, relatively few regions of the Community utilized the aids available, with the exception of southern France, the Mezzogiorno in Italy, and Eire.

The inclusion of Greece, Spain and Portugal into the Community meant that the new members would be able to place massive (but justified) claims on the regional development aids available, particularly in agriculture, with hitherto unforeseen effects on the budgetary demand and allocation system. The result was a change in perception within the Community of the importance of regional and structural aids. On the one hand, the beneficiaries of the *status quo* (Ireland, rural areas of Northern Britain, Mezzogiorno, southern France) wished to remain in that position: additional claims on scarce resources by new Members meant increased competition. On the other hand, the advent of enlargement (especially the third enlargement) made the Mediterranean regions of existing Member States consider themselves to be "structurally disadvantaged" by the foreseeable competition in agriculture from Spain in particular. Greece, France and Italy used the latter arguments (with the help of the veto) to justify the creation of the Integrated Mediterranean Programmes (PIM), which measures protect (or favour) their Mediterranean areas against Spain and Portugal -- thus distorting the Mediterranean *acquis*. This is yet another case of existing Member States seeking to preserve (or in some cases enhance) their "positions" vis-a-vis one another, but particularly relative to the newcomers, as discussed in Chapters 6 and 7.⁸⁵

Discussions on regional/agricultural aids generally, and the PIM in particular became a major theme in the third enlargement negotiations. However, once again, the basic norms, objectives and principles essential for making a sound policy were lost in the welter of "positions", arguments, details and statistics used by all sides to argue specific (not Community) cases.

iv. community preference and the common external tariff

The Common External Tariff (CET) and the agricultural import levy system uphold the Community preference norm. As noted earlier, Community preference supposedly made the security of supply objective attainable by protecting Community farmers so that they could modernize farms and raise production. But in the absence of internal production restraints, both CAP import levies and the CET uphold and further distort the fundamental supply/demand disequilibrium from which the Community suffers.⁸⁶ The absence of external competition in agriculture again deprives Community farmers of the incentive to abandon high cost surplus production, or to move into new sectors of production. This has several deleterious effects.

This two-pronged import protection system is described as follows.⁸⁷ The CET levies *ad valorem* duties on imports to the Community in the same manner applied to industrial goods. But the CET applies to only a few agricultural products, and generally at low levels. These products include the Community's traditional (deficit) agricultural imports, such as fresh and processed fruits and vegetables, some (oilseed) feed grains, hops and live plants. On heavily protected imports both CET duty and CAP import levies are applied: this is the case for beef. High customs duties are applied to wine. The import levy system operates within the CAP intervention system (see Table 1, above). The levy system is a far more rigorous protection device as it is aimed at raising the price of imports to internal EEC levels, rather than a strict percentage duty. Thus, the levies go up or down to accommodate the Community's price levels. The threshold prices, variable levies, and supplementary levies predictably cover the Community's major (northern surplus) products: all grains, dairy products, beef, pigmeat, sheepmeat, eggs and sugar. Olive oil also benefits

from the levy system, indicating its "special position". Enlargement clearly affects the entire system, especially for fruits, vegetables and feedgrains.

Overproduction arising from the lack of supply/demand equilibrium can be disposed externally only by artificially lowering the selling price through export subsidies. The effect of large scale dumping of world markets lowers the world price of the commodities dumped. If the world price declines, the export subsidy must increase to ensure sale. The burgeoning budgetary implications of this are obvious, but the damage this does to world trade is more insidious, and Community dumping (and competitive dumping generally) have caused strains on its relations with trading partners and within the GATT.⁸⁸ The Community finds itself trapped into several costly and unpalatable solutions in its efforts to dent their growing surpluses, many of which are made more difficult by the existence of the tariff through food aid, preferential sales, storage subsidies, and subsidized sales or surplus "gifts" to EEC consumers. These costly measures are largely ineffective because they treat the symptom, not the cause, of the Community's surplus problem. They further exacerbate the expenditure problem.

The tariff raises the cost of agricultural imports, particularly for feedgrains which compete with Community produce. This has serious implications for importing Members' balance of agricultural payments and consumer prices. Feedgrain importing states pay higher than world prices for animal feeds, which raises the production costs of dairy, meat, and egg products. These costs are always passed on to consumers. Relatively wealthy economies, such as West Germany or Italy, can afford such payments, as can their consumers, who spend a lower percentage of per capita income on food. Britain, an agricultural importer par excellence, is disadvantaged. Spain and Portugal depend on feed

imports, and the increase in prices to allow Community preference, or the increase in price paid in purchasing Community feeds, would severely damage their agricultural trade balances. This was particularly the case in Portugal.⁸⁹ The Iberian per capita income average spent on food by consumers is far higher than for the Community as a whole, meaning that the price rise caused by the CET and the CAP price regimes would incur a decline in living standards for the poorest members of the Community. Such a situation was clearly unacceptable, yet difficult for the Community to resolve except on an ad hoc basis: to effect more permanent reforms would threaten that precarious balance of interests and agreements upon which the whole Community rests.

C. Budgetary Effects

The Community divides expenditure between **compulsory** (or obligatory) and **non-compulsory** (or non-obligatory) portions of the budget. **Compulsory expenditure** is defined as "expenditure resulting from the Treaty or acts in accordance therewith."⁹⁰ It includes FEOGA guarantee spending, some guidance expenditure, interest rate rebates on some EMS loans, some food aid to developing countries, and financial assistance to ACP states and non-member Mediterranean countries. A "control" mechanism on guarantee expenditure through the budget does not exist; if necessary it is funded at the expense of non-compulsory funding.⁹¹ The **noncompulsory** section covers the rest of FEOGA guidance expenditures, some food aid, all funding for the European Regional and Social Funds, expenditure on common research, information, industry, energy and transport policies, and the salaries, pensions, and administrative costs of the Community institutions and their staff.⁹² Contributions are figured according to a complex set of criteria. While

TABLE 4
THE EEC BUDGET AND THE CAP IN PERSPECTIVE

1 YEAR	2 *TOTAL EC BUDGET	3 *TOTAL FEOGA BUDGET	4 3 as % of 2	5 *FEOGA Guarantee Section	6 5 as % of 2	7 FEOGA Guidan- ce Sec- tion	8 7 as % of 2	9 2 as % of Na- tional Budgets	10 3 as % of Na- tional Budgets
1977	9090.5	-	-	-	-	-	-	2.6	1.5
1978	11999.5	8996.3	79.2	8672.7	76.3	323.6	2.9	2.8	1.8
1979	14372.4	10844.1	75.7	10440.7	72.7	403.4	2.8	2.0	1.8
1980	15166.6	11918.0	73.1	11314.9	69.4	603.1	3.7	2.6	1.8
1981	17479.0	11556.6	64.7	10980.2	61.5	576.4	3.2	2.5	1.5
1982	21240.6	13055.6	63.1	12405.6	59.9	650.0	3.2	2.7	1.7
1983	23576.5	16468.9	65.7	15848.1	63.2	620.8	2.5	-	-
1984	24626.2	17144.8	69.1	16542.9	66.6	601.9	2.5	-	-

NOTE: *: calculated in Million ECU

SOURCES: EEC Commission, The Agricultural Situation in the Community (various years); C. Caspari (1983).

the budget has grown substantially since the inception of the Community, it does not represent a large percentage of any Member State's national budget, as Table 4, above, shows.

Implicit in the budget is the idea of income redistribution; but the redistributive element does not emphasize payment to needy states or regions, nor yet the concept of ability to pay.⁹³ The importance of the FEOGA guarantee component makes it clear that it carries redistributive effects favouring Member States with large northern agriculture sectors — sectors which enjoy high CAP support. Thus comparatively wealthy states, which produce large quantities of northern agricultural products (which also favours large farms), benefit most. This explains why Denmark, the Netherlands, and France (until 1983) — all

high income countries -- benefit from the CAP. It also explains why the UK -- a comparatively low income country, in comparison, and a net food importer -- does not. The redistributive impact of the CAP, therefore, exacerbates inequality. This helps to explain British discontent at its contributions, when the benefits it receives through the CAP are comparatively small. Mrs. Thatcher's government in particular sought to lower British contributions (or receive monies) by applying cost-benefit criteria in the debate.⁹⁴

As Table 4 shows, the CAP places enormous demands on Community resources. The northern orientation of the CAP, its lack of production restrictions, and CET protection have combined to make production highly insensitive to demand. The concomitant oversupply of the CAP's favoured sectors creates ever-increasing pressures on budgetary resources, which by their guaranteed/compulsory nature take primary importance in expenditure. The higher the level of excess supply, the more depressed market prices become, and the higher the level of Community subsidy to production of surplus products.

This endless spiral consistently emphasizes the CAP at the expense of other policies. Industrial, regional, social, transport, science and technology, and youth policies all require substantial funding to be viable and credible as Community policies, yet their non-compulsory nature places their development at a disadvantage to the CAP. The justification for this state of affairs has declined as agriculture's importance, both in labour and GNP/GDP terms, declined both in the Community as a unit and in the individual Members. An increasingly marginal percentage of the Community population benefits from a costly and objectively wasteful policy. Only once guarantee section spending of the CAP budget is controlled will increases to more socially relevant Community policies occur. The only means of attaining a satisfactory

solution to that problem rests on fundamentally altering the basic mechanisms of the CAP itself. The nature of the (guaranteed) price regimes is both basic to the CAP and cause of the budget crisis. Thus a substantive resolution of the problem requires such alterations. For that, the political will is weak or non-existent -- at least in countries which benefit substantially from the CAP regime as it stands.⁹⁵

Thus, while all Member States recognize the problems and pressures which the CAP places on the budget as a whole, and the development of other Community policies, their diverse interests continue to defeat attempts at a common solution. As noted previously, neither the negotiation/decision-making mechanisms of the Council of Ministers, nor the relationship of Agriculture Ministers to their very entrenched and pro **status quo** constituents encourages an easy, rapid solution to the problem. Indeed, national agricultural interest groups profit from the present negotiation/decision-making system because of the singular influence they can exert on their ministers' voting in the Council.

If we turn to the third enlargement in this context, four issues immediately capture our attention, which can be divided between cost and contribution considerations. Generally speaking, the cost considerations occupied most of the Community's attention. These considerations were dominated by three issues: existing regimes applicable to Spanish and Portuguese agriculture (wine and olive oil in particular), any **new regimes** the Community might have to create to retain "balance" within an enlarged EEC, and the old question of fundamental **CAP restructuring**. The Commission estimated the total cost rise to be about 4-6%; revenue would rise by 15-20%.⁹⁶ The contribution debate concerned the existing system of contributions, the ability of Spanish and Portuguese agriculture to take advantage of the EEC's existing CAP regimes, agricultural import levies, and the negative impact of these

on Spain and Portugal: both are heavy importers of feedstuffs.

Given the northern orientation of European agricultural production, and the CAP in particular, the lack of southern or Mediterranean CAP regimes should not surprise us. The only southern regimes operated by the Community are oriented toward the sensitive French and Italian wine sector, and the Italian olive sector.⁹⁷ Characteristically, no consideration for the possibility of surplus production appears in the orientation of the regimes.

With regard to olive oil, such an orientation does not surprise us, as Italy was the only country with significant production in that sector, and could never achieve a Community level surplus on her own. Price and production regimes for olives were understandably generous -- even if not always economically justified.⁹⁸ The regional nature of olive production (primarily in poorer southern regions of Italy, and in parts of France) made sectoral support imperative for social reasons. However, while the regimes safeguarded (and even encouraged) production, they did not encourage consumption in the Community. The expensive nature of olive oil production makes it uncompetitive in comparison with other vegetable oil products. At the time of the Mediterranean enlargements, the Community's olive oil sector was in recession: production continued to increase, while consumption either stagnated or declined.⁹⁹ We have seen in earlier chapters that both Spain and Portugal operate olive oil regimes which seek to control quality (Spain), and in particular quantity (Spain and Portugal) of olive oil; for this reason they are low price regimes. The Community's olive oil regimes, characteristically, are high priced and open-ended regarding production.

The Community immediately recognized that the Mediterranean enlargement would produce a situation in which the world's strongest olive

producers (Spain, Greece, Portugal, Italy) would be Members. The olive producers of the three applicants would suddenly find vastly more favourable intervention regimes, and would inevitably respond by increasing production. The result would be the same as for favourable northern regimes, such as soft wheat, or for the dairy regimes: overproduction and surplus in the face of stagnating or declining demand. Without modifying the olive oil regime, then, the Community would experience a sharp expansion in expenditure. Buysse quoted estimated increases from the third enlargement in this sector alone at nearly 900 million ECU, from 670 million ECU to 1.6 billion ECU.¹⁰⁰ This did not take into account expansion of production. While not in the same order as, say, intervention in the dairy sector, the increase in cost is still considerable and cannot be discounted in terms of the CAP's increased budgetary pressures. Furthermore, the highly regional character of olive production makes curbing production problematic: unless handled sensitively, curbing production could exacerbate regional disparities to the detriment of the Community's poorest regions.

The generosity of the Community's wine regime is less easily defended. The Community produces between 40% and 50% of the world's wine. The common wine policy immediately stimulated internal surpluses, and hence growing intervention costs.¹⁰¹ Therefore, the wine surplus problem occurred before the Mediterranean enlargement discussions began. Although other Members produce it, the majority of wine production concentrates in a few regions of France and Italy. Languedoc Roussillon produces 40% of French national output (55% of table wine), and the whole of southern France produces 75% of national output (and 90% of table wine). Three areas of Italy, Venetia, Sicily, and Emilia Romagna produce about half of that country's output. This makes the problem of curbing low-quality wine production a regional problem.

Wine production, as with other Mediterranean products, depends heavily on climatic factors, and is therefore irregular.¹⁰² The picture is further complicated by the quality mix of wines: low quality table wines predominate (especially in Italian production), over high quality wines. Once again, internal demand in the largest producer countries has been stagnant or declining; the consumption pattern is changing in favour of quality wines.¹⁰³ The Community has sought to combat the problem in a "too little, too late" manner, often inadequately implemented through "preventive" and "compulsory" distillation aids, aids to export, and other mechanisms.¹⁰⁴ These seek to eliminate the internal surplus problem but generate further expenses in the process. Once again, they treat the symptoms, not the problem.

Spanish and Portuguese accession threatened, once again, to create further surplus pressures. However, Commission studies indicate that neither applicant would affect the structure of Community production.¹⁰⁵ Regionally, production in Spain tends to concentrate in the centre; in Portugal it is more dispersed. This further emphasizes the sector's regional character noted above. Furthermore, Spanish production in particular threatened low quality French and Italian producers, and Spanish production alone equals nearly 25% of EEC production.¹⁰⁶ It is not surprising that southern French producers in particular voiced violent opposition to Spain's inclusion into the Community's wine regime.¹⁰⁷ Once again, as seen in earlier chapters, both the Spanish and Portuguese wine regimes -- particularly the Spanish -- emphasize production control. In particular, Spanish wine intervention orients toward grubbing up poor quality vines, and encouraging production only of high quality wines. When third enlargement negotiations commenced, the Community did not possess such control mechanisms; when later adopted (in 1980 and 1982), they remained weak and ineffectual.

The inclusion of Spain and Portugal into the Community *acquis* for wine presaged a sharp increase in expenditure, because of the absolute increase in Community production -- without accounting for foreseeable increases in Spanish and Portuguese production. About this latter aspect several estimates were produced, none of which were particularly reliable.¹⁰⁸ Predictably, French and Italian estimates forecast unusually high increases; Spanish and Portuguese estimates probably played increases down. The results, in terms of predicting the budgetary impact, were concurrently unreliable.

Thus the budgetary implications of both existing Mediterranean CAP regimes yet again emphasized the need for fundamental reforms, if only to control expenditure. The question then revolved around reconciling French and Italian (protectionist) interests, Spanish and Portuguese interests, and those of the Community as a whole.

The weak character of the CAP's fruit and vegetable regimes, and the significance of fruit and vegetable production in Spanish and Portuguese final agricultural production also created a need for new regimes in order to attain a "balance" between north and south. At the time the Mediterranean enlargements began, CAP intervention covered only a few fruits and vegetables, and the "withdrawal" prices offered in glut periods barely covered production costs.¹⁰⁹ Hence guarantee intervention expenditure in these areas was very low. This is an obvious contrast to the cereals, meat and dairy regimes. Once again, production concentrates in Italy and France, who produced over 60% of Community fruit and vegetables.¹¹⁰ Of the applicants, Spanish farmers in these sectors were the most export oriented, and competitive. The automatic increase in internal Community production presaged by enlargement provided some justification for the creation of new CAP regimes to cover these sectors. If the Community were to ex-

tend the CAP to cover the fruit and vegetable sectors, existing Community farmers would demand favourable price regimes along similar lines enjoyed by northern products.¹¹¹ Again, this implied a substantial increase in price at a time when some Member States questioned the existing costs of CAP intervention.

It is evident from the preceding discussion that no matter how or where one begins to examine the agriculture chapter of the third enlargement, we return again and again to the need to restructure fundamentally the CAP because of its cost to the Community. It is easy to see how this debate soon determined the pace of enlargement, and in fact dominated negotiations entirely.

The issue of contributions by Spain and Portugal -- both in mandatory and effective terms -- gained far less interest in the press and academic studies until negotiations nearly ended.¹¹² Nevertheless, the issue was very important to both Spanish and Portuguese negotiators, who demanded equity from the Community in this regard. As the discussion below indicates, unless the contribution system was altered -- at least for Spain and Portugal -- both applicants would end up as net contributors to the EEC. This was especially true for Portugal.

Contributions, which figured an "ability to pay" element, would not have discriminated against Spain or Portugal. The applicants, among the Community's "poor third", would not be required to contribute excessive amounts. However, as noted above, a country's ability to benefit from the Community depends on its ability to gain access to Community funds. While both Spain and Portugal would have the right to social, regional and other funds, none of these funds would benefit them greatly, as they comprise only a fraction of the Community's overall budget. Moreover, as the Community grows, competition for these scarce resources increases. We saw earlier that these policies con-

stitute non-obligatory expenditure. The Members which benefit most from the Community benefit from the obligatory (guarantee) expenditure of the CAP. That expenditure is dominated by price regimes in northern products, which are weak sectors in both Spain and Portugal. In order for either Spain or Portugal to benefit from the northern orientation of the CAP, they would require substantial restructuring in the applicable sectors, which requires large amounts of both time and money. But at the outset of third enlargement negotiations, the structure of the budget was not oriented to these ends, and some parts of the *acquis* forbade funds to aid modernization or restructuring in some (surplus northern) sectors, such as the dairy sector. Furthermore, some Member States (Britain in particular) made the expansion of funding for non-CAP Community policies contingent on solving the CAP/budget crisis.

A third component of the contributions issue, concerning monies raised by the agricultural import levy system and the CET, posed a final difficulty. The existence of a Community preference system supports internal production over imports, and supports exporters over importers. Those Member States which import the majority of their food -- particularly northern products favoured by the CAP -- inevitably pay a higher price for their imports. Either they pay more for (more expensively produced) Community products; or they pay import levies on (competing) imported products. On entering the EEC, Britain found herself in this position. The position of Spain and Portugal with regard to imports was similar, but their ability to pay was less. Before entering the EEC, Spain and Portugal traditionally imported enormous amounts of feedstuffs, in particular feedgrains, at very favourable prices from world markets. Once inside the Community, if the principle of Community preference were to apply to the applicants,

they would immediately face large price increases in these products if bought internally, with inflationary effects on their economies. If Spain and Portugal imported these products from outside the EEC, the levies imposed by the Community preference would make them net contributors to funds generated thereby. The size of these contributions would have made them net contributors to the Community -- while more prosperous countries such as Denmark and the Netherlands remained net beneficiaries. Portugal's sugar industry, which is wholly dependent on imported cane, also posed a problem. This situation was clearly unacceptable to Spain and Portugal, and the Community for its part could not simply allow it to persist.

From the discussion above it is plain that the CAP imposed numerous and complex difficulties on the third enlargement negotiations. Inevitably, the budgetary implications of enlargement provided the motivating force for reforming the Common Agricultural Policy, not the inherent irrationality of the policy. But it is also important to note that no headway could occur on the budget unless and until CAP reform was accomplished. The contingent nature of these problems did not make them easier to solve. The consensus within the Community on both these aspects occurred relatively early in the negotiation process. However, the willingness of some Member States to negotiate on substantive Community issues, as opposed to individual positions and principles did not appear until the final stage of the negotiations. The absence of a decisive decision-making procedure enabled single Members to hold the negotiations hostage at various points in the process, and made it lugubrious, painful and acrimonious. These difficulties determined the Community's style of negotiation with the applicants, to which we now turn.

3. NEGOTIATIONS WITH SPAIN AND PORTUGAL IN AGRICULTURE

If the Community tarried in diagnosing its fundamental problems, it was because its constituent parts failed to discern a solution once broached. Rather than risk fatally undermining the entire European enterprise by raising the problem and not solving it, they preferred to skirt around the issue by dabbling with *ad hoc* solutions at its fringes, which only complicated matters.¹¹³ In other words, as already amply demonstrated, they tended to treat the symptoms rather than the disease itself. This became the traditional Community method of dealing with crises.¹¹⁴ Dealt with in this manner, crises did not magically disappear, but temporarily submerged, only to reappear in increasingly difficult and complex forms. The budget, agriculture and reform problems persist.

When the Mediterranean enlargements, and in particular when the third enlargement began, the Community became increasingly aware that it could no longer put off diagnosing and addressing the substantive causes of its growing financial crisis and policy malaise for its own survival. The EEC found itself faced with two problems -- both of its own making. The first was the internal crisis. The second was the political imperative for allowing entry to two newly democratic countries which would, by their own internal structures highlight the Community's failings rather than its strengths. The EEC concentrated on Spain as the source of the problem, not its illustrator. We must remember that not to allow the applicants entry would also have undermined the Community, as discussed earlier.¹¹⁵ Whatever sector we look at in the enlargement negotiations, the applicant countries posed problems relevant to the nature of Community policies, to the system of costs and benefits practised therein, and to the functions of its mechanisms as opposed to Rome Treaty objectives. The advent of a global

economic recession made it unlikely that any ill-effects of enlargement (for either side) could be "cushioned" by increased Community revenues obtained by economic growth, and increased zero sum perceptions of its costs and benefits.

These imperatives forced the Community (or at least the Council) at last to **diagnose** its own malaise. They then had to **formulate a solution** which had to contend with, reform, and perhaps destroy, the existing delicate balance of interests and mode of operation hitherto accomplished. The latter activity proved most difficult.

The diagnosis of the need to change created perceptions within Members of new **opportunities** attainable through change. Some perceptions articulated cynical selfish positional interests. Some Members sought to enhance minority positions -- such as the UK on agriculture and the budget.¹¹⁶ Others sought both to obtain reforms and to maintain **specific** privileged positions on specific issues. This was the case for France and Italy with regard to Mediterranean products, and of France and West Germany with regard to northern products and the budget. **Table 5**, below, derives "issues" of positional interest from the self-sufficiency tables in **Appendix 4**, adding the controversial budget, decision and aid issues as a guide.

Above all, sectoral interests dominated individual states' positions on specific issues. The higher the rate of self-sufficiency in a product of a Member, the more likely it would seek to maintain or enhance its position through enlargement. As **Table 5** shows, France was in a unique position in this respect -- it had legitimate northern and southern sectoral interests to advance. Furthermore, its interest in financial contributions transformed with its new position, from 1983, as a net contributor to the Community, rather than a traditional beneficiary. Its interest in regional aid was another means of sup-

TABLE 5
ISSUE AREAS AREAS OF INTEREST TO EEC MEMBER STATES

Issue	COUNTRY									
	B	L	DK	FRG	GR	IRE	FR	IT	N	UK
cereals	AW	AW	PS	PQWX	SP	AW	PQSX	AW	AW	PSW
meat	PS	PS	PSX	PS	AW	PSX	PS	AW	PSX	AW
dairy	N	N	X	PQS	AW	PQSX	PQS	AW	X*	PQSX**
sugar	PQSX	PQSX	PQSX	PQX	PQS	PQS	PQSX	AW	PQSX	AW
olive oil	N	N	N	N	PQSX	N	N	PQSX	N	N
wine	N	Q	N	PQ	PQS?	N	PQSX	PSX	N	N
citrus fruits	N	N	N	N	PSR	N	N	PRX	N	N
soft fruits	N	N	N	N	PRSX	N	PRX	PRS	N	N
vetetables	N	N	N	N	PRSX	N	PRX	PRSX	PRSX	N
regional aid	N	N	N	N	ARX	A	ARX	ARX	N	A
budget	RX	RX	Q	RX	RA	RA	QRX	QR	R	RX
decision- making	X	RWX	Q	RSX	RW	RW	RSW	RSW	X	RSX

KEY: A = market access
C = control production
N = neutral (no strong position)
P = protectionist
Q = status quo
* not milk
R = reform
S = strong (surplus) sector
W = weak (deficit) sector
X = position taken in enlargement negotiations by state concerned
** milk only

porting its southern farmers. France therefore possessed and employed legitimate positions in all important aspects of the negotiations. France could also play different roles in the negotiations. Above all her leaders could play the defender of "very important (national/sectoral) interests", but latterly Mitterrand played the role of conciliator. French negotiators did not hesitate to employ their unique position, and became the major determinant of the success and outcome of enlargement negotiations.

This fragmentation of "positions" across issues, and shifting tactics by individuals often made individual Members' "global" positions across issues and sectors inconsistent. The more contentious an issue -- such as Mediterranean products, for example -- the more fragmented

it became in order to achieve consensus for reform or a negotiation position.¹¹⁷ The use of the veto secured any Member's ability to prevail on specific issues. Members did not hesitate to make tactical use of "very important interests" in this respect, as exemplified numerous times by France (wine), Italy (citrus) and Greece (PIM).

In the agriculture negotiations specifically, Members played a "positional" game when they perceived they could sharply enhance their interests as a direct result of enlargement. They did so at the expense of the applicants, who had no voice in the Community's reform or negotiation proceedings. This was the case with the Integrated Mediterranean Plan (PIM) and the reformed Mediterranean *acquis*, both of whose provisions favoured Greece, Italy and France. These were designed according to their protectionist requests. The Community also reacted defensively against reforms perceived to tighten existing regimes as a result of enlargement (such as wine or olive oil). Erosion of existing (favourable) positions was not tolerable. When that strategy failed, they simply sought to eliminate or delay Spanish and/or Portuguese access to existing regimes rather than consent to inevitable reform. States whose interests were left unthreatened in a direct way by enlargement did not feel required to enter into this often acrimonious fray. Thus West Germany, Britain, Denmark and the Netherlands played the role of "conciliator", and often (rather sanctimoniously) exhorted intransigent Members to achieve a consensus. In particular, the German tune changed after the enlargement, when in 1987 their own favourable positions began to be challenged by new and old Members alike.

The result of these self-interested perceptions and actions was to create havoc at the formula stage of the negotiations, during which the basic principles for solutions of substantive issues should have

been found and agreed. Without a means of attaining a satisfactory formula on all sides, discussions on substantive issues and problems could not proceed. If Members had contradictory and positional interests to defend individually, and these could not be resolved, the Community as a unit could not hope to attain consensus on a formula, nor yet a Community position with which to negotiate. Note how introspective and fragmented the Community appears as a negotiator. The formula stage of EEC internal negotiations was dominated by side issues, positional struggles and obstructiveness. Unless and until the Community found a way around its internal wrangles, the negotiations stalled. Eventually all participants adopted a piecemeal approach.

This also explains why the Community was so defensive in its negotiations: it reflected the attitudes of key Members (France, Italy and Greece) in key issue areas. Furthermore, even though internal consensus recognized the need for and interdependence of enlargement and fundamental reforms, the Community had no mechanism or procedure to account for the applicants' interests in that regard. Once negotiations commenced, Spain and Portugal entered a twilight zone in which their impact became a legitimate concern for Community action, but there existed no institutionalized means of taking account of the applicants and an enlarged Community's interests together. Given the Byzantine workings of the Community, it was easier for it to attain a common position on reform and negotiation by pretending that Spain and Portugal were already Member States in order to embark on reforms (and thence positions), and to ignore or disregard when convenient the applicants wishes and interests. The applicants witnessed, with great frustration, how they catalysed a process which created dubious profits in terms of the outcome, but were powerless to affect it.

Furthermore, once the Community finally attained a negotiating

position, it was highly inflexible. Neither the Commission, nor the Council, nor individual Members -- and certainly not the applicants -- wished to embark on rounds of horse-trading at the negotiating table which would in turn catalyse another round of negotiation/decision-making. Minor concessions were seen by the applicants as great victories. This placed the applicants in a dilemma: should they insist on fair terms, risking endless, tortuous and acrimonious rounds of Community negotiation/decision-making? Or should they accept, on the Community's take-it-or-leave-it basis, the Community's positions, and depend on, or insist on, a renegotiation of terms later? Neither option was palatable, yet they were the only ones on offer.

At times some Members sought to shift the onus of this difficult, unsatisfying process onto Spain and Portugal, which antagonized the applicants and failed to solve the problem. In the end, when the political pressure on the Community became insuperable, contentious unresolved issues were simply put off, as the following three chapters make clear.

CHAPTER SIX

THE SPANISH ACCESSION NEGOTIATIONS

INTRODUCTION

As noted in Chapters 1 and 3, both political and economic factors impelled Spain and the European Community to negotiate accession. For Spain, the economic reasons for enlargement predominated. Spanish negotiators had clear conceptions of economic interest which they sought to promote or defend vigorously and assertively, providing continuity in the negotiating process between governments. It also put an adversarial element into the process. At the nadir of negotiations, however, the political benefits provided by EEC membership appeared to have sustained the Spanish negotiating impetus when the likely economic benefits were in doubt. From the beginning, the Spanish attitude differed from the (primarily politically oriented) Portuguese. The continuity in goals between the 1970 Accord and the enlargement negotiations is striking.

It is clear that Spain's decision for Europe occurred before the actual demise of Franco's regime. The European choice evolved. Firstly, growing trade dependence on the Community as a bloc motivated Spain to seek a trade arrangement with it.¹ Although the aims of the

two parties differed (the EEC sought access, Spain sought to retain market shares), they managed to reach agreement eventually. The 1970 Preferential Trade Agreement conformed with GATT preferential agreement norms, and the EEC's concessions to Spanish agricultural exports, while not great in effect, did cover the majority of Spanish agricultural exports to the Community. In some instances, the 1970 Agreement gained Spain greater concessions in agriculture than Portugal's special clauses in the 1972 EEC-EFTA Trade Agreement.² Certainly, Spain possessed the economic wherewithal to be able to take advantage of the agreement. However, the first enlargement of the Community, together with the Community's attempts to create a coherent "Global Mediterranean Policy" and the internal disintegration of the Spanish political regime made the 1970 Accord obsolete. These contributed to change perceptions on both sides, creating the necessary climate for them to conclude that enlargement constituted the viable alternative. Spanish officials took advantage of propitious changes, with the enthusiastic support of leading sections of society.³

Once negotiations began, however, initial optimism about an expeditious entry faded. Spanish negotiators and their interest groups soon discovered that enthusiasm alone would neither assure accession nor just terms of entry; entry into the club of "new democracies" did not concede negotiating privileges with the EEC. The formula phase of negotiations was characterized firstly by Spanish attempts to define and understand the implications of accession. Secondly, they struggled to comprehend and combat the EEC's defensiveness and internal weaknesses, which the Mediterranean enlargements emphasized. Finally they sought to defend their own perceived interests. This last attempt was kept firmly in last place by the Community, while the Spanish team advanced "objetivos minimos". Responding to the Community's inability

(or unwillingness) to negotiate seriously until they accomplished "internal reforms", Spanish negotiators strove to break the impasse. Throughout the lengthy formula phase Spain worked hard to change Members' suspicious zero-sum perceptions -- particularly those of France. Finally, when Spanish frustration reached its peak, its negotiators effectively used tactically linked threats to reinforce the Community's commitment to negotiation, and to speed the process.

This chapter follows the form elaborated in Chapter 2. The discussion of Spanish accession negotiations is divided into three major parts. Firstly, the events and decisions leading to the Spanish application provide the basis for our discussion, and show that both the Community and Spain perceived the need for a Mediterranean enlargement. The discussion of the formula phase of negotiations covers the longest portion of the period studied because of the complicated manner in which it unfolded. Part of the formula phase included the conflict between formula approaches themselves. The detail phase of the negotiations is defined as the "point of no return" in the process, occurring in the final months of the negotiations (starting in 1984) and during the technical elaboration after they formally concluded. Above all, it illustrates Spain's clear conceptions of interest and coherence in negotiation, both of which contrast sharply with the Portuguese negotiations.

1. THE DECISION TO NEGOTIATE FOR ACCESSION

Franco and his supporters embraced both political and economic motivations in their approaches to the EEC. Geopolitically, Spain emphatically belonged to Western Europe.⁴ Franco's political elite re-

cognized this fact, although the EEC failed to recognize the importance of Mediterranean Europe until the late 1960s and early 1970s.⁵ In strictly political terms, Franco and his supporters craved the legitimacy which membership of respectable international bodies, or agreements with respectable Western governments, would yield. International political acceptance came slowly and unevenly, with the EEC playing the laggard.⁶ In economic terms also, Spain belonged to Europe. For good or ill, Spanish trade concentrated in Europe -- particularly in West Germany, France, and Britain.⁷ Spanish technocrats encouraged these "Europeanizing" ties after the 1959 stabilization plan.⁸ Spain's 1962 application (ignored by the EEC) directly addressed these economic ties: the prospective inclusion of Britain in the EEC would have dramatically affected Spain's trading position. Thus De Gaulle's veto on British membership obviated, for the moment, the Spanish regime's need for a trade arrangement with the EEC.⁹ The original Six, however, appear to have anticipated Spain's 1962 application: in January 1962, the European Parliament approved the Birkelback Report, placing conditions upon the political complexion of regimes allowed associate status in the Community. The message clearly stated that authoritarian regimes need not apply.¹⁰ Exploratory talks halted during the empty chair crisis.

As the Community developed, in "patchwork fashion", an incoherent network of Mediterranean political and economic relationships, Spain was included.¹¹ Ironically in retrospect, France championed opening negotiations with Spain, over more reticent West Germany and Italy.¹² The resulting negotiations, which culminated in the 1970 Preferential Trade Agreement, should be viewed in this context. During this first set of negotiations, Spain and the EEC manifested the cross purposes which became a hallmark of their relations. The regime wished to ne-

gotiate on the basis of equality: specifically, Spanish negotiators sought concessions for agricultural products, but were reticent to lift the mantle of tariff protection their industrial products enjoyed. The EEC, for its part, sought (at French and Italian insistence) to protect its agricultural markets, but wanted the right to penetrate Spanish markets with its industrial exports. The resulting agreement yielded more for Spain than for the Community, indicated by a mild Spanish trade surplus. Spain managed to obtain concessions covering 62% of her agricultural products, including the competitive citrus fruit, olive oil and wine sectors, and also managed to maintain some tariff protection for her industries.¹³ Given the favourable outcome, Spain would no doubt have rested happily with this agreement. However, the environment in which the 1970 accord operated changed rapidly and radically, forcing reconsideration on both sides.

A. Recognizing Opportunities: EEC Enlargement and Change: 1970-73

Spain's 1970 accord with the EEC of Six became obsolete, literally speaking, within twenty-four hours of signature. On 29 June 1970, the contracting parties signed the Preferential Trade Agreement, and Britain applied to join the Community the next day. Without digressing into Britain's own turbulent pre-accession relations with the EEC, it must be noted here that its 1970 application was made in the certain knowledge that the first enlargement would proceed.¹⁴ However, Britain's inclusion, foremost of the four applicants, irrevocably changed Spanish-EEC relations and perceptions. Britain, which alone imported about 50% of the value of Spanish agricultural exports to the EEC, was one of Spain's most important agricultural export outlets. Outside the EEC, Britain offered few barriers to trade. On entry into the Commu-

nity however, Britain's adoption of the *acquis communautaire*, would effect a sudden, drastic increase in trade discrimination against Spain and a consequent severe deterioration in her trading position.

For its part, the Community also recognized that the first enlargement would transform it and its interests. It recognized that the enlargement irrevocably changed its position and capabilities towards Mediterranean non-applicant countries. The decision, in 1971, to seek a "Global Mediterranean Policy" thus seemed to address several problems: it would make coherent the existing agreements, and solve foreseeable problems created by the first enlargement. This began the polemic surrounding the creation of the "Global Mediterranean Policy", which ultimately failed.¹⁵

Seeing the opportunity to correct the foreseeable trade disequilibrium from enlargement, Spain responded promptly and positively to the idea of a Global Mediterranean Policy and the transformation of the 1970 Accord.¹⁶ Initially discussions between the Community and Mediterranean states focused on the predicted effects of enlargement before they occurred. Discussion however did not surmount obstacles posed by the protectionist CAP, and French and Italian agricultural sensitivities. Seeking to resolve the issue, Foreign Minister Lopez Bravo suggested, in November 1971, that the Community's trade agreement with his country be *renegotiated*. In March 1972, two months after the first enlargement Treaty of Accession was signed, the Community responded through French Foreign Minister Schumann's suggestion that the EEC pursue a single "package policy" to include the possibility of a free trade area between the EEC and Mediterranean states. Schumann's suggestion, adopted by the Council of Ministers, replaced the Commission's proposal that the Community adopt a series of one-off trade concessions (particularly in agriculture) to its Mediterranean trading

partners.¹⁷ Spanish negotiators readily agreed. But the hope of concluding a new trade accord before the advent of the first enlargement proved illusory. The Community's propensity to be inflexible to change, and thus in negotiations, created immediate obstacles to an early agreement. The enlargement occurred without a change in Mediterranean trade agreements: by the end of 1972 the Council of Ministers only managed to reach agreement on vague "working hypotheses" around which a new policy might be negotiated. By that point, the Council's idea of a free trade area narrowed to include industrial goods only, which would yield it a disproportionately favourable trade agreement.

In the wake of the first enlargement in 1973, the Community's defensive attitude regarding a Global Mediterranean Policy intensified. At this point, the Community's pattern of behaviour with regard to negotiations with Spain appeared, summarized as follows.¹⁸ The Council could not produce the reforms required by the first enlargement because of its Members' positional interests. The longer the Council considered the Commission's suggested reforms, the more opposing interests developed, and the less flexible the Community became. Thus, instead of implementing the momentous change, the Community ended defending the *status quo*.

The Community preferred that Spain accept a "technical adjustment" to the 1970 Accord, which would effectively require Spain to apply the accord to the three new Members without any account being taken of concomitant trade effects. As noted above, this would have resulted in an immediate and damaging deterioration in Spain's terms of trade. Spanish representatives predictably rejected the proposal.¹⁹ Eventually, Spain and the EEC compromised by agreeing an Additional Protocol to the 1970 Accord in the summer of 1973. This left the door open to further negotiations, to be conducted along principles of trade "re-

equilibration".²⁰ Neither side defined the term "re-equilibration".

From 1973 onwards, the Community regressed, seeking to scale down its trade relations with Spain to an industrial free trade area only, with some specific and limited agricultural concessions. Spain, meanwhile, continued to insist on an agricultural and industrial free trade area, observing that to accept less would be to institutionalize an unfair trade relationship. In Spanish eyes, the Community proposed to them all the burdens of membership, without any political or economic benefits.²¹ Spain insisted on reciprocity in concessions between agriculture and industry. The EEC wanted access to Spanish industrial markets, but its own Mediterranean interests precluded lowering agricultural protection.²² While the stalemate continued between Spain and the EEC during 1973, the Community negotiated in earnest with other Mediterranean states.²³ The Spanish regime reflected its frustration at being left behind in the process, to its own detriment, by hardening its own position and raising its demands. Meanwhile, some sectors of Spanish society (journalists, businessmen, some government technocrats) continued to debate the merits of and alternatives to its trade relationship with the Community.

In 1973, both sides recognized some of the opportunities for negotiation, but circumstances had not changed sufficiently to be profitable to both sides. The Community's defensiveness prevented creative proposals to solve the changes brought on by enlargement. The Spanish regime's frustrated response to the Community demonstrated a lack of political maturity.

B. Recognizing Opportunities: Changes in Spain and the World 1973-1975

The first enlargement provided the EEC with an internal rationale to change its existing relationship with the Mediterranean countries (i.e., its own transformation). Dramatic changes in the international arena between 1973-1975 provided further, urgent justification for both the Community and Mediterranean basin states to pursue regularized links. For the Community, the changed environment enhanced the logic to treat, but did not show how to treat. For the Mediterranean European states, the changes themselves provided new opportunities to alter the basis of their relationship with the EEC. During this period, Spanish relations with the Communities deteriorated to the point of rupture twice.²⁴

Firstly, let us briefly recall the general changes in the international environment between 1973 and 1975.²⁵ The October 1973 Yom Kippur War and OPEC's ascent concentrated international attention on the Mediterranean region for geopolitical, military and resource security reasons. The ensuing higher oil prices exacerbated an already turbulent international economic environment. This in turn contributed to general perceptions of zero sum gains in international trade and trade protectionism. Politically, the Italian Communist Party's (PCI) success, and that of extremist terrorist groups throughout Western Europe during the mid-1970s caused anxieties between EEC (mainly NATO) Member States about the political/military stability and trustworthiness of their partners. During this turbulent period, the Mediterranean European states also transformed dramatically.

Against this background, the Portuguese revolution in April 1974 and the collapse of the Greek dictatorship three months later increased Community anxieties about political stability in the Mediterranean

region. This provided their interest to influence and aid the political stabilization of Southern Europe. West German and Italian political party and government attitudes and efforts should be seen in this light.²⁶ For Mediterranean Europe itself, of course, these events provided them with the opportunity to re-establish democracy, which in turn created new international opportunities for their governments.²⁷

In December 1973, ETA terrorists assassinated General Franco's long-chosen successor, Admiral Carrero Blanco, in Madrid. The sudden lack of a successor to the ailing Franco provided some sectors of Spanish society (both within and outside government) with the hope that the regime might die with him. Democracy became a distinct possibility. This immediately changed Spanish perceptions of the potential of its relationship (and a negotiated agreement) with the EEC. If Spain could become a democracy, it could transcend the "second best" choice of a free trade area, and seek inclusion in the Community itself. Accession would place Spain within a decision-making centre on which it was increasingly economically and politically dependent, and (hopefully) solve the problems hitherto experienced in trade negotiations.²⁸ However, accession to the EEC -- or any definitive "return to the international fold" remained only within the bounds of possibility while Franco lived. This greatly complicated the Spanish position in its negotiations with the EEC. No government could be seen to be plotting (or expecting) its own demise: yet to plan for democracy would do just that.²⁹ In 1974, faced with continued European inability (or unwillingness) to negotiate a free trade agreement, and a further deterioration in Spanish-EEC relations, it was up to Spain to act.

The regime had four options: (a) extend the 1970 Accord to the three new Members (as the Community proposed); (b) cave in to a new agreement which would also institutionalize a weakened Spanish trade

position; (c) extend the Accord until a change in regime made accession possible; and (d) opt for an agreement on their own terms. The regime wrongly chose the last alternative, maintaining their insistence on an **agricultural and industrial free trade area**, in which they conceived a direct link between industrial tariff dismantlement and agricultural free trade.³⁰ However, the Commission consistently refused to contemplate Spain's new formula on the grounds that it lay outside its negotiating mandate, and insisted on pursuing negotiations according to the (inflexible) Council mandate given them in 1973. At the same time the EEC issued a mild threat by announcing its intention to continue its discussions with other Mediterranean countries whether its negotiations with Spain progressed or not.³¹ Spain and the EEC once again found themselves at cross purposes and impasse. The negotiation session of 21-22 November 1974, resulted in a complete rupture, effectively ending the negotiations on the 1970 Accord.

Faced with this giant step backwards in their country's relations with the Community, the increasingly apparent debility of their regime, and the unfolding business and government debate on what the nature of Spanish relations with the EEC should be, Spanish negotiators in Brussels found themselves in a unique position.³² Officially, they could seek only to repair the reversal produced by the ruptured negotiations; unofficially, they could proceed more ambitiously. The delegation possessed a unique opportunity to sensitize the Community to the Spain's fluid political situation, and the concomitant favourable potential opportunities. However, Ambassador Ullastres and his delegation **could not** pursue the latter at an official level, because it implied an interpretation of politics and political strategy directly contrary to the leanings of the existing regime.

The weak point of such an option revolved around its interpretation of the political strategy to follow, which the government itself had not realized, and which (only) the government had the competence to carry out, but for a prestigious ambassador who valiantly decided to assume personally that responsibility in the face of a near power vacuum in Madrid.³³

In January 1975, Ambassador Ullastres initiated an "underground negotiation" with Commissioner Roland De Kergorlay, with a view to achieving a compromise to resolve the impasse. Ullastres produced a new, complicated formula which addressed the issues of greatest concern to both the Community and Spain, while maintaining his insistence on reciprocity.³⁴ The compromise explicitly left open the possibility of a "pre-accession" phase for Spain. Both parties recognized that the evolving compromise could operate only if Spain achieved the transition to democracy.

Ullastres succeeded in sensitizing the Commission to his delicate personal mission, and in persuading his own government (after strong initial opposition) to accept the compromise he and De Kergorlay devised in the spring of 1975. However, they had greater difficulty persuading the Member States of the wisdom of the compromise. The Council had neither authorized nor participated in the discussion, and was thus less receptive to, and less cognizant of, to the subtle changes occurring in Spain. Eventually, in July 1975, the Council adopted a "favourable position" to the Ullastres-Kergorlay compromise. The parties agreed to resume discussions in October.

However, events typically moved faster than negotiations with the EEC. Shortly before the Council agreed to the compromise, on 1 July, Britain unilaterally modified her "stand-still" trade arrangements against Spain, fulfilling Spanish fears. In September, the regime sentenced five suspected ETA accomplices to death. The resulting international outcry is well recorded elsewhere. On 25 September, after

various diplomatic initiatives failed to move Franco, the European Parliament issued a resolution demanding that the Community "freeze" its relations with Spain if the executions occurred. On 27 September the regime carried out the executions. Member States (except France) recalled their ambassadors from Madrid, and the Commission published a declaration "deploring" Spanish actions on the same day. On 1 October, the Commission recommended to the Council that all discussions with Spain be suspended. After vigorous debate, the Council issued a statement freezing relations, but added the hope that a future (democratic) Spain would return to the European fold, enabling further negotiations with the Communities. This time, the discussions ruptured before they began.

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In any event, throughout October and November 1975 as a result of Franco's final, lengthy illness, important Spanish government activity paralysed.³⁵ Franco's death on 20 November yet again transformed the situation and made the Community's position of 1 October obsolete. Once again, new opportunities presented themselves to both parties, and they both recognized it. Once again, Spain took the initiative.

C. Seizing Opportunities: The Transition to Democracy 1975-1977

King Juan Carlos acted first, in his coronation speech on 22 November 1975. Firstly, he publicly committed himself to democracy in preference to the falangist state, emphasizing the need for the "peaceful establishment of democratic coexistence based on respect of the law as a manifestation of the sovereignty of the people."³⁶ In doing so, he also indicated Spain's official return to the European fold, opening the way for enlargement discussions at an official level.

The idea of Europe would be incomplete without reference to the Spanish people or a consideration of the doings of many of my predecessors. Europe should count on Spain, because Spaniards are Europeans. That both sides should understand this, and that they extract the consequences derived thereby, is a necessity of the moment.³⁷

The government also acted quickly. In January 1976, Foreign Minister Areilza visited the Commission in Brussels, and government leaders in other EEC capitals, announcing that Spain wished to recommence discussions to adapt the 1970 Accord, with a view to eventual enlargement. On 20 January, the Council agreed to reopen exploratory talks in light of Spain's changed political circumstances. These discussions continued until August 1976 when both sides agreed a "new" negotiating formula.³⁸ Negotiations to revise the Accord resumed until the Spanish government lodged its application to accede in July 1977.

This was a period of intense activity on all sides. It was a momentous period for Spain at the domestic level.³⁹ In just under 20 months, between November 1975 and June 1977, the country embarked on its peaceful transition from dictatorship to democracy. The monarchy was restored, and the ground laid to dismantle the Francoist regime. Opposition parties and trade unions were legalized, and the debate to draft the new constitution began, including all major voices in the Spanish political spectrum. The populace elected Prime Minister Suarez to continue the democratic reforms and to ensure accession. In the midst of these dramatic internal changes, government activity maintained a steady level of concentration on Europe. This is illustrated in the actions of the King, Spanish diplomatic activity in Brussels and the European capitals, and even in the drafting of the Spanish constitution itself.⁴⁰

Other Mediterranean European countries made the Community aware that it faced another enlargement which the Council and Commission

would have great political difficulty refusing.⁴¹ However, with Greek accession negotiations already underway, and clear Portuguese steps toward the same end, the Community had no choice. Its lack of preparation for the unfolding events is reflected in its uncoordinated and defensive actions.⁴² Spanish negotiators approached their EEC counterparts in the **certain** knowledge (which the EEC did not possess) that the transition to democracy would occur successfully. With this knowledge, the Spaniards turned their emphasis from the 1970 Accord to **attaining satisfactory (special) interim trade measures** as Greece and Portugal requested before them -- a choice they rejected in 1974.

Government activity continued at the highest level. From the moment of his appointment as Prime Minister by the King, Adolfo Suarez displayed clear commitment both to internal reform and to the EEC. Foreign Minister Oreja continued the diplomatic offensive by another tour of EEC capitals, ending in Paris, where he informed the French government that the Spanish application could be expected in the first half of 1977.⁴³

As Spanish determination to accede manifested itself, the Community and its members slowly responded. During the spring of 1976, the right-wing, protectionist Confederation Nationale des Jeunes Agriculteurs Francaises (CNJAF) published its agricultural attack on Spanish accession, Espagne, un Choc pour l'Europe, signalling the opening shot of the long and contentious agricultural debate.⁴⁴ It also signalled the French attitude towards Spain generally, which Spanish diplomats, politicians and the King sought to change. Spanish officials, aware of French obstructionism in previous enlargements, knew that a positive French attitude was crucial to the success of accession.⁴⁵ This reasoning accounts for the King's choice of Paris as the venue for his first state visit to a European capital.

During King Juan Carlos' and Queen Sofia's visit to Paris in late October 1976, the King repeatedly stressed Spain's natural place as a full member of Europe, and also as a friend of France, noting racial, religious, cultural and historical ties.⁴⁶ He emphasized the positive aspects of Spanish membership of Europe, and also of amicable Hispano-French relations. However, he also made it clear that Spanish eagerness to join the European club did not extend to the sacrifice of or EEC's abuse of Spanish interests. Spain would respond according to the manner in which she was treated.

The Spanish nation is disposed to renew, with dignity and with profit, its participation in European affairs and to place in them the same dreams, the same impetus and the same creative spirit which animated our predecessors. For that, Spain cannot accept other treatment than equality with other European countries. We know that Spain can and should bring much to the Europe of the future and we will be as vigilant in the attainment of our national objectives as we are generous and solidary in the actions we adopt to those responding to us.⁴⁷

President Giscard d'Estaing more cryptically addressed the fact that France had recently become Spain's largest supplier of goods, and expressed non-committal hopes regarding their economic relations, not mentioning accession.⁴⁸ A subsequent meeting with Ministers on both sides and the final press conference of the visit (both on 30 October) secured for the King French verbal support for enlargement. Having secured the verbal commitment, the King reassured President Giscard d'Estaing and his Ministers regarding any difficulties for French agriculture resulting from enlargement, in an obvious attempt to quell growing French agricultural opposition.⁴⁹

As Spanish political leaders envisaged, the first half of 1977 saw the government "clearing decks" in preparation for full scale democratic reform and the petition for accession. The debate to draft the constitution began. Early in the year it passed legislation to lega-

lize trade unions. In June, Prime Minister Suarez was elected to continue to lead the country towards democracy and Europe. Six weeks later, on 28 July, Foreign Minister Oreja presented, in Brussels, Spain's formal application to join the Community. During this period more activity took place outside the Spanish-EEC arena. Portugal "pipped" Spain at the post in the race to apply to the Community, submitting its formal request on 28 March. EFTA, recognizing the imminence of the enlargement, sought to open free trade area negotiations with Spain on 12 May.⁵⁰

By the summer of 1977, Spanish officials cast their die for EEC membership. From that point until the formal opening of negotiations in 1979, the EEC held the initiative: the government could do little more than cooperate with the Commission's inquiries. From this point on the nature of the negotiation game changed for the Community: it had now to address seriously the same issues (and more) that dogged it since the first enlargement. And Spanish leaders had to find a means of responding to the EEC's evaluation.

D. Opportunity and Reflection: Application and Acceptance 1977-1978

Unlike its response to Portugal's application, the Council's delayed response to Spain's application until 20 September 1977 illustrates growing anxiety about Spain's part in the Mediterranean enlargement process.⁵¹ Once the Council welcomed Spain's application, and instructed the Commission to produce an Opinion and a report on the implications of Mediterranean enlargement, Spanish government activity proceeded on the assumption that speedy negotiations would proceed as a matter of course.⁵²

In October, the Commission began its investigations, with full Spanish government and ministerial cooperation. From November onward, a Ministry of Agriculture team, which included FORPPA officials, collaborated with the diplomatic team which would form the nucleus of the Ministerio para las Relaciones con las Comunidades Europeas (La Trinidad) to provide sectoral information. Meanwhile, Prime Minister Suarez visited the Commission and EEC capitals during October and November to discuss enlargement.

On other levels, the government continued to prepare to open negotiations during 1978. In February, it created the Ministerio para las Relaciones con las Comunidades Europeas, with Leopoldo Calvo Sotelo as its head.⁵³ On 2 March, the King signed the Royal Decree creating the organs and mandate for the government to proceed in negotiations.⁵⁴ In mid-March, the Commission sent to the Ministry of Agriculture the first of a series of detailed questionnaires, to which the government's special team replied promptly.⁵⁵ In July, the Spanish Council of Ministers (the Cabinet) agreed to begin adapting all old and new legislation to take account of the *acquis communautaire*.⁵⁶ By October 1978, La Trinidad organized "consultation" at regional and provincial level to "inform and consult" interest groups.⁵⁷ By so doing, it managed to consult grassroots interest groups and to limit very strictly its participation (and influence) in the negotiation process.

Meanwhile, in the course of 1978 the Members' attitudes to the general prospect of Mediterranean enlargement crystallized. This heralded the start of earnest positional struggles between them as they grappled with the implications of enlargement and tried to identify the source of foreseeable difficulties.⁵⁸ The French electoral cycle further complicated this scenario.⁵⁹ This crystalization of defensive attitudes centred (wrongly) on Spain, more as the culprit (producer of

problems) than anything else. The major worry concerned Spain's Mediterranean agriculture, which constituted only about 33% of Spanish production. This blinkered worry, however, coloured the rest of the Mediterranean enlargement period for all parties concerned. It affected the second (Greek) enlargement by placing all EEC concessions in the context of precedents for likely Portuguese, and more importantly Spanish demands. It predictably slowed the Greek negotiations, much to that government's ire. For the Spanish and Portuguese applications, still under consideration by the Commission, the objections raised by French and Italian farmers were reflected in the Commission's **Fresco** on enlargement, presented during the spring of 1978. Interestingly, the opposition socialist party PSOE sent observers to Brussels during this period to follow the progress of enlargement negotiations.⁶⁰

The defensive, negative focus of the **Fresco** on enlargement problems, the scant consideration of positive aspects, and the Commission's link to internal Community reform surprised Spanish government opinion. In retrospect, to expect a different response implies naivete on the Spanish side, for the fundamental difficulties experienced with the 1970 Accord and subsequent discussions did not disappear simply because Spain applied to accede.⁶¹ The Commission, for its part, had to respond to growing French resistance, as well as the Community's general policy malaise.⁶² The Community's attitudes and behaviour regarded its own (status quo) self-preservation more highly than the harmonious integration of new member states from that point on.⁶³ The enthusiastic Spanish public also had difficulty comprehending and responding to such hostility.⁶⁴ One pressure group responded with alacrity, however. In May 1978, the Spanish employer's group CEOE mobilized its support network against the transitional arrangements proposed in the Commission's **Fresco**.⁶⁵

In November 1978, the Commission's jaded view of Spanish economic prospects, presented in its **Opinion** to the Council, reinforced the government's disillusion. However, the favourable **Opinion** (such as it was) received unanimous Council endorsement by 18 December. The endorsement carried a French proviso that substantive negotiations be held in abeyance until both sides agreed on "common negotiating bases", presaging stormy weather ahead. This proviso prevented most of the important substantive negotiations until the end of 1983. The Council set 5 February as the official start of negotiations.

2. THE FORMULA PHASE

The formula phase of Spanish accession negotiations was characterized by tension and conflict throughout. The tension lay in the differing approaches and frustration of both parties: Spain insisted on **principled negotiations** based on both sides' recognition of legitimate interests, while the Community opted (by virtue of its inability to agree on principles) for a **piecemeal approach**. Tension also resulted from the Community's procrastination over reforms, and Spain's inability to impart momentum into the process. The **conflict** occurred at several levels. Firstly there was a **conflict of interest** between Spanish wishes for access in agricultural markets, and protection in industrial tariff dismantlement, while the Community sought exactly the opposite. Secondly there was a **conflict of style and emphasis**: Spain sought to negotiate with the Community as an equal, and sought rapid progress for domestic political and economic reasons. The logic of Community institutions and decision-making, however, dictated a lugubrious pace often dominated by petty side issues, which gave it prece-

dence in negotiations. Finally, conflict occurred at an **individual level** between Spain and individual Members as a result of positional struggles. Hispano-French relations reached new lows as a result of French obstructionism, and border violence by French farmers. Hispano-Italian relations suffered as a result of Italian attempts to take advantage of and use as a negotiating lever the "poisoned colza oil" scandal.⁶⁶ Furthermore, some Members and Commission officials resented Spain's assertive negotiating style. The deteriorating economic climate during 1979-82 exacerbated problems.

The formula phase provides a particularly vivid illustration of the Community's positional struggles, faulty decision-making methods, and delaying tactics. The Council-Commission cyclical interplay of non-decision, petitions for further study, delays for (marginally changed) new studies, non-decision, more petitions for further study etc. reinforces criticisms of the Community's institutional malaise discussed in **Chapter 5**. It underlines the obviously dominant position of the Council, particularly of the Council of Heads of State and Government; lending credence to the assertion that the Council increasingly initiates policy and positions, and in doing so abuses Rome Treaty Article 152. Finally, it emphatically emphasizes the manner in which difficult decisions and reforms are avoided or delayed.

Spanish negotiators noted these aspects, too, and occasionally used them against the Community. For example interviews confirm that early in the process they realized the practical effects of Council dominance, and increasingly concentrated their efforts on Council Members, much to the annoyance of Commission officials.⁶⁷ The Spanish team quickly recognized that successful negotiations were contingent on the Community resolving its internal problems, and were prepared to accept **reasonable** delay for constructive reforms.⁶⁸ However, as the

negotiations dragged on, they perceived in the Community a reluctance to solve the very problems on which the success of enlargement depended. At that point, negotiators cast about for a means of inducing the Community to negotiate seriously. The threat of an anti-democratic coup did not move the Council. Nor, apparently, did the embarrassment value of the Community's own bad negotiating manners. Two threats did matter to the paymasters of the Community (West Germany and Great Britain): Southern European security and Spanish membership of (or withdrawal^{from}) NATO. The Socialist government applied this threat effectively. But the decisive turn in negotiations occurred when both the West German and the French governments substantively committed themselves to enlargement -- at the end of proceedings.

A. Reconnoitring and Preparing for Battle: 1979-1980

The first eighteen months of negotiations continued the period of inquiry begun by the Commission's initial surveys of 1977-78. Throughout 1979, both sides continued to exchange information and statistics with a view to identifying and defining general problems in the fourteen chapters isolated for discussion. During this period, the participants agreed on formal negotiation procedures, a "system of work", and a few specific declarations evolved from general positions on minor, non-controversial topics. This unofficially set the pattern for the entire process: the Community willingly faced "easy" (or unimportant) issues first.⁶⁹ It did not prevent the Spanish delegation from seeking to establish important general principles at the formal opening on 5 February 1979, during which both sides exchanged declarations elaborating their respective "negotiation philosophies".⁷⁰ At that meeting, Spain pressed the case for a regular and symmetrical transi-

tion period between all sectors in an attempt to quash suggestions mooted by the Commission of a open-ended and variable transition.⁷¹ The Spanish delegation vainly sought to intertwine inextricably their sensitive and competitive economic sectors in an effort to gain a "fair deal" for both. Community officials did not respond.

During the latter half of 1979 and the first half of 1980, both sides articulated very general positions on various chapters, covering foreign relations, VAT, transport, capital movements, social policy, free movement of workers, regional policy, EURATOM, and financial and economic questions.⁷² Neither agriculture nor fisheries were discussed by mutual agreement. Spanish diplomats agreed with Community negotiators that such matters should not be discussed until: (a) the Community embarked on related internal reforms; (b) the Community was able (therefrom) to realize positions on these Chapters; and (c) a relevant "*vue d'ensemble*" (requested by French representatives) could be constructed.⁷³ This coincided with the Council's 30 May 1979 mandate to the Commission to study and report on internal reforms.⁷⁴ Spanish acquiescence reflects awareness of the contingent nature of Community reforms and enlargement.

Spanish representatives felt that by being flexible, they would provide the Community with the time needed to consider and solve the difficulties it faced. Clearly, they did not foresee that their agreement to wait for Community initiative to unblock these crucial aspects of the process would be used by individual Member States in both their domestic and EEC positional struggles, at Spain's expense. The Members involved completely coloured and transformed the context of the issues on all sides, complicating (and preventing) their early or easy agreement. President Giscard d'Estaing's famous speech at the beginning of the French Presidential election campaign in 1980 began

the irrevocable transformation.

B. Battle Begins: 1980-1981

President Giscard d'Estaing's speech to French farmers in Paris on 5 June 1980 resurrected France's internal party political debate of 1978 and superimposed it onto the Community -- specifically the enlargement -- arena. The overtly pre-electoral speech called for a "halt" to third enlargement negotiations until existing EEC (agriculture and budget/contributions) problems were satisfactorily resolved.⁷⁵ Giscard's cynical electoral machinations threatened to sink both Spanish and Portuguese negotiations before they properly began. It also resulted in increased violence by French farming groups against Spaniards along the Franco-Spanish border, and an immediate deterioration in Franco-Spanish relations. Spanish public, press, and government reaction was immediate, vehement, and negative.⁷⁶ On 6 June, the Spanish Ministry of Foreign Affairs released a statement rebutting the speech and defending the ongoing process, noting that the "new attitude" he expressed,

...appears to be shifting difficulties which have arisen in other Member countries onto the candidate countries....The Government wishes to make known its conviction that neither the internal measures taken by the Community to tackle its own problems nor its economic or other circumstances should be grounds for interrupting the course of negotiations or affecting the political commitment given so many times to Spain by the governments of the Nine and especially by the President of the French Republic himself. Neither do they affect Spain's European vocation, which has been given unanimous approval in the Cortes, nor do they affect the right of Spaniards to become integrated into the Community within the period and under the reasonable conditions deriving from the negotiations themselves.⁷⁷

Recognition of French electoral motivations in the speech did not

alter its offensive content. Certainly, ^{they}_A eliminated expectations of an expeditious end to negotiations similar to that which the Greeks enjoyed. Spanish officials spent the rest of the summer in a diplomatic offensive to Members to press their case.

The Community had also to react to this first shot across the bows. At the end of June, Italian COREPER representatives suggested forming two working groups to study the problems of Spanish accession as a compromise to the impasse: one for general problems, and one to focus on Mediterranean agriculture.⁷⁸ The Council, in its 21-22 July meeting, declined Commission proposals to set 1 January 1983 as the official accession date. West German Chancellor Schmidt rather gently upheld Giscard's argument by underlining the necessity of **internal** EEC agreement, without which the third enlargement could not be financed -- a clear reference to the budget dispute and an implicit reference to the CAP.⁷⁹ In July, French Prime Minister Barre visited Madrid to explain the French position. The "cold and tense visit" enabled Spanish ministers to vent their frustration about French obstructionism. They interviewed Prime Minister Barre, informing him of their opinions of French attitudes towards Spain -- ranging over various issues aside from the enlargement, including non-cooperation regarding ETA terrorists, and growing violence by French agricultural groups against Spaniards on the border.⁸⁰ The impasse and deterioration in Franco-Spanish relations continued throughout the summer.

Several changes on various fronts occurred in the autumn of 1980. Prime Minister Suarez removed Calvo-Sotelo from La Trinidad, making him Deputy Prime Minister for Economic Affairs. Eduard Punset replaced him, presiding over the nadir of Hispano-French relations, and Hispano-EEC relations generally. Punset noted that by the time he took his post, French and Spanish officials were not on speaking

terms.⁸¹ The Suarez government prepared to implement its decision to apply for NATO membership in an attempt to bolster its domestic image and to encourage enlargement negotiations.⁸² The latter strategy was based on the erroneous assumption that a commitment in favour of Western European military security would allay EEC anxiety and promote discussion. In fact, the opposite proved to be the case, as Prime Minister Gonzalez' government demonstrated later.

Spanish ministers launched a press campaign to allay EEC fears of enlargement, also acknowledging to their domestic audience that the process would be slower than expected.⁸³ Both Commission President Jenkins and Enlargement Commissioner Natali emphasized the Community's **political commitment** to enlargement, the necessity for reforms, and the need to continue a **parallel negotiating process** between the two parties.⁸⁴ For Spain, this meant a fully consultative process, to which the Council could not, or would not, agree. In an effort to prevent negotiations from stalling completely, Natali and Punset sought to "reformulate" negotiations, concentrating on "principal themes". In reality this institutionalized the process practised from the beginning. Both sides continued to negotiate "non-controversial" topics relatively unaffected by either French agricultural manoeuvring or British budget/ contribution squabbles. This limited discussion to transport, the right of establishment, and some social matters related to the free movement of workers. But making major issues temporarily "taboo" reinforced awareness of them, and awareness increased the dominance (and interrelatedness) of the budget/contribution and agriculture issues to one another, and to virtually all other EEC policies.⁸⁵ Studious avoidance of agriculture did not resolve the problem.

On 11 December, COREPER Working Group 2 recommended to the Council that Spain receive "pre-accession aid", and also that the government

be required to undergo various "adaptations" before enlargement proceeded.⁸⁶ At the ministerial negotiation session on 19 December, Spain attempted to break the impasse and encourage reciprocity by offering the Community a "firm compromise" on industrial tariff dismantlement. This tactic, done without discussion with the employer's group CEOE, created a Spanish press uproar and diverted attention from the Council's very general first agriculture declaration.⁸⁷ The Spanish delegation responded with its own general declaration at Ministerial discussions on 16 March 1981. However, by that time, external events again overtook both sides, clouding and complicating discussion.

Negotiations suffered further setbacks as a result of the intense uncertainty, confusion and crisis in government during the first trimester of 1981. In January, the embattled and discredited Prime Minister Suarez resigned, designating Deputy Prime Minister Calvo-Sotelo as his successor. This eventually resulted in a cabinet shuffle leading to Punset's departure, and La Trinidad briefly coming under the direct stewardship of the Foreign Minister.⁸⁸ Calvo-Sotelo's investiture on 23 February was aborted by the "Tejerazo" coup attempt, in which the entire Congress of Deputies was taken hostage. For several hours, Spanish democracy hung in the balance, until the King and his supporters resolved the crisis.⁸⁹ If the young democracy thesis was correct, the coup attempt should have reinforced the Community's awareness and political support for Spanish accession to support the "young democracy". It did not.

Although the Council discussed Spain's crisis during and after the attempted coup, it failed to release a declaration until after a joint Ministerial negotiating session on 16 March. That bland declaration failed to demonstrate a substantive commitment to Spanish accession. It called vaguely for an "intensification" not an "accelera-

tion" of negotiations. Commission President Thorn reportedly argued that the Council should make an immediate public affirmation of the Community's support for Spanish democracy and accession. This did not occur. Various fingers pointed to France as the source of Council inaction. Spanish press reports indicate that French representatives seized on the attempted coup as a new opportunity to halt negotiations -- this time until Spain could produce "satisfactory guarantees" of a viable democracy. The European Parliament's calls to accelerate negotiations held little sway either.⁹⁰

Spaniards, justifiably proud of having successfully quashed the threat to their democracy, were also justifiably disillusioned by the Community's lukewarm response to the event. They expressed their discontent volubly.⁹¹ This moved the Heads of State and Government to produce another weak declaration at the Council Summit in Maastricht on 23-24 March, which at least stressed "political commitment" to accession, and "satisfaction" at the successfully defeated coup attempt. These events effectively drowned the impact of Spain's general **first agriculture declaration** in response to the EEC, on 16 March.

Although the monthly technical negotiating sessions continued throughout 1981, they made virtually no progress as the paralysis begun in June 1980 continued. Foreign Minister Perez Llorca sought to exploit the "embarrassment value" of Council inaction to publicize Spain's case in his opening speech at the European Parliament-Cortes Joint Commission in June. The tactic backfired, resulting in a general attack against Spain by Commissioner Natali in another speech to the same body.⁹²

Meanwhile the Socialist Party won the French presidency in the May election. The change in party leadership did not immediately alter France's stand. This was evidenced by Prime Minister Calvo Sotelo's

optimistic predictions that discussions on agriculture would soon occur, after a visit to Paris on 25 June. Calvo-Sotelo's predictions notwithstanding, at the Council Summit in Luxemburg 4 days later, President Mitterrand delayed discussion further by successfully requesting a "period of reflection" before the Council took a position on Commission proposals. Thereafter, French officials reinforced their traditional position, setting the the first of many "prealables" or "preconditions" for enlargement. French farmers' violence against Spaniards along the border increased, raising Spanish frustrations.⁹³

Perhaps as a result of the palpable tensions between Spain and France, the Community began a period of unsteady "rapprochement" during the autumn. On the one hand, French and Italian intransigence continued to manifest itself, for example in banning all Spanish products containing olive oil as a result of the poisoned colza scandal, and continued French insistence on "agricultural prealables".⁹⁴ On the other hand, the Council of Foreign Ministers agreed to adopt a "more flexible approach" to negotiations by consenting to open more issues (including some agricultural issues) for discussion, if only at technical level. This coincided with the beginning of discussions on reform of the Mediterranean *acquis*.⁹⁵

C. Rapprochement and Illusion of Dynamism: 1981-1982

West German representatives enabled the rapprochement to begin by proposing a new "formula" at the joint ministerial negotiation session of 14 September 1981. The Community proposed to present a new **agriculture declaration** aimed at unblocking discussion.⁹⁶ This formula centred on three major points:

- a) The Council proposed to **open discussion** on general agricultural questions not affected by its own internal examination/reform discussions.⁹⁷
- b) The Council agreed to discuss specific aspects of **agricultural derived law** raised by Spain in its forthcoming (second) agriculture declaration, with the proviso of discussing "what is possible."⁹⁸
- c) The Community proposed and reiterated its commitment to discuss other issues, and proposed an explicitly "two speed" negotiation, by continuing with other (non-controversial) chapters.

The Spanish delegation reacted cautiously, demanding additional specific information, which the Council promised for the next ministerial negotiation session on 26 October. The Spanish Secretary of State then followed up the request for information with an intensive round of visits to EEC capitals during September and October.⁹⁹

Spanish caution proved well founded: despite assurances of goodwill, Italy, followed by France, utilized the excuse of the colza scandal to ban Spanish olive oil exports in late September and early October. These moves occurred despite Spanish assurances that inspections of export goods did not reveal contamination. French and Italian MEPs compounded the affront by pressing the rest of the European Parliament to follow suit, on the grounds that Spanish products "could be dangerous". This was an obvious attempt to link tactically the Spanish scandal to negotiations on vegetable fats and oils, which in any case did not open until the detail phase of negotiations. Spanish government, public and press reaction was characteristically outraged and emphatic, with some press sources suggesting retaliatory boycotts against France and Italy.¹⁰⁰

The Community's **second agriculture declaration** at the end of October also disappointed Spain. Predictably, the agreement to discuss agriculture was more apparent than real, because most issues continued to be tied up with Community reform discussions. When Spanish nego-

tiators pressed for more significant progress, the Community stalled, repeating that it could not embark on such discussions until agricultural reforms were agreed. Spanish negotiators responded yet again that the Community's position justified entering into a parallel negotiation. If the reform and enlargement processes were so inextricably intertwined, then any other form of negotiation/discussion was not viable. Moreover, they stated that they were willing to cooperate and participate in reform discussions, because in any case the Community would have to take account of the applicants' viewpoints to ensure successful enlargement and reform alike. Spain repeated its willingness to begin substantive discussions immediately.¹⁰¹ Once again both parties were at cross purposes: the EEC used "contingence" as a brake, while Spain sought to use it as an accelerator to discussions.

The Spanish position, so often stated, this time so well argued, placed full onus for the deadlock on the Community. Spain's logical, principled stand recognized the importance of agriculture and reform to both sides, and their contingency to enlargement. This stand therefore could not be denied by the Community -- for they merely demanded that all issues, including the much touted internal reforms, be included in the *vue d'ensemble*. The Council was incapable of responding to this legitimate point for several reasons.¹⁰² Firstly, they had no mechanism or procedure for incorporating third parties into their internal discussions. Secondly, the inclusion of two more voices in an already fragmented discussion compounded the negotiation/decision-making nightmare it faced. Thirdly, if the Council recognized the legitimacy of Spain's principled call for impartial justice, it would have to refute French, Italian (and later Greek) demands for partial justice (defensive and punitive).¹⁰³ Therefore, even if the Spanish position was "correct", "constructive" and "logical", the Community's own

internal irrationality prevented it from officially recognizing it as such. This placed the Community in an embarrassing position, which became more so as the months dragged on.

In an effort to respond to the situation, the Community avoided the question of Spain's readiness to negotiate by alluding to Spanish economic and structural weaknesses as obstacles to progress. It went on to stress its "political commitment" to negotiations, and agreed vaguely to take account of applicants' interests while discussing reforms. How the latter could occur while simultaneously addressing positional claims to partial justice remained unexplained.¹⁰⁴

In December Calvo-Sotelo, hoping to bolster the government and to link profitably NATO and EEC membership, applied for NATO membership. In the new year, he linked the two issues for the first time in a pre-electoral plea to accelerate accession. While doing so, he publicly acknowledged that the Community budget, Mediterranean *acquis*, CAP reform and food surpluses all remained inextricably related to enlargement. In Brussels in January, he repeated his plea to the Belgian Council President. He then received a commitment to close "mature" (minor) chapters at the ministerial negotiating session in March.¹⁰⁵

Spain presented its second agriculture declaration at the 29 January 1982 negotiating session. In contrast to the first very general declaration, this detailed document became the basis of Spain's position. Spanish negotiators took the initiative, giving a detailed study and critique, providing their own "constructive position".¹⁰⁶ After reviewing the negotiations in agriculture and giving a point-by-point critique of the Community's conclusions (derived from their static analysis of Spanish agriculture), the declaration identified areas in which global solutions appeared necessary. Part II analysed in some detail Spain's ability/difficulty in implementing the *acquis* in all

horizontal aspects (transition, price and market organization, professional groups). Finally, it provided a **sectoral analysis and application of the acquis** to Spain. The declaration frankly faced Spanish deficiencies, especially in northern products, and chided the Community on its introspection and lack of attention to Spanish problems. It again recorded that Spain was willing to discuss global reforms, implement domestic pre-accession reforms, and enter into constructive dialogue with the Community. Above all, the declaration stressed that **Spanish economic and political interests must also be recognized — a demand for equality.**¹⁰⁷ The Community retained the document for study.

The March ministerial negotiating session proved to be the most positive yet in the process. Both sides agreed to consider six minor chapters provisionally "closed".¹⁰⁸ The Belgian Council President established a semi-annual meeting between Spain and the Council (of Foreign Ministers) to discuss negotiations and reforms, which seemed to address Spain's position. The Spanish delegation, sensing a softening in the Community's attitude and hoping to encourage reciprocal concessions, agreed to implement VAT from the date of accession.¹⁰⁹

However, hopes that the EEC would at last begin to bargain seriously faded later that spring for various reasons. In March, Prime Minister Papandreou's newly elected PASOK government entered the positional fray by demanding improved concessions for her "special" Mediterranean status in the "northern" EEC.¹¹⁰ As a result, the Council instructed the Commission to study the Greek Memorandum at the end of March. This set in motion the study resulting in the Commission's proposals for the Integrated Mediterranean Programmes (PIM) in 1983. The Greek Memorandum and the Council's reaction introduced new variables into the enlargement/reform process. It obviously enabled Greece to make its own demands and "preconditions" in the Community's posi-

tional struggles. It certainly complicated the ongoing review and reform of the Common Agricultural Policy, especially the Mediterranean *acquis*. The explicit demands for aid, particularly aid for Mediterranean agriculture, further complicated the budget/contributions debate. France and Italy also gained new opportunities in the Greek Memorandum -- at Iberia's expense, as will be shown later. This provided another reason for the Community to shift to a more defensive posture as it studied the problem from April onwards.

British preoccupations in the Falklands/Malvinas crisis provided a second reason for the decreased momentum for the rest of the year. The rest of the Council allowed the enlargement/reform agenda to slip, and some Members even softened their positions on the budget issue in May. Substantive discussion on agriculture and the budget ceased. Spain's position was complicated by its anti-British stand over the crisis in the South Atlantic -- related to Spanish claims to sovereignty over Gibraltar.¹¹¹

Both Britain and France continued to make explicit linkages between their domestic politics (and policies) to EEC reform and enlargement. Prime Minister Thatcher maintained her position that any satisfactory budget outcome was contingent on extensive reforms to the CAP. President Mitterrand appeared to unearth new objections to Spanish entry once Spain conceded on the VAT issue. All of these events and attitudes signalled another dramatic slowdown in progress. The May ministerial negotiating session reflected this. It also represented the first French attempts to shift responsibility for the lack of progress onto the Community as a whole.¹¹²

By June, Spanish representatives sought to regain the momentum of March. On 4 June, the King made Spain's place in Europe the thesis of his acceptance for the Prix Charlemagne.¹¹³ Before the Council Summit

in Luxembourg, President Mitterrand again signalled his doubts about Spanish entry in a speech in Madrid -- while still expressing "political will". His approach indicated another impending "hibernation" in negotiations, which some observers suggested was as much the result of the dynamics of the Community as the impending Spanish general election. Calvo-Sotelo's weakening government's poor relations with France were mooted as another factor.¹¹⁴ Spanish parliamentarians responded to the speech and the June negotiation session's collapse in their meeting of the Cortes Generales-European Parliament Mixed Committee on 25-26 of the month. They convinced their Community partners to press for intensive negotiations, and an official accession date of January 1984, demanding manifestations of "political will".¹¹⁵

However, Mitterrand prevailed. At the Council Summit in Brussels at the end of the month he proposed that the Council instruct the Commission to make an "inventory" of outstanding issues, indicating how each Member would be affected, and proposing solutions to foreseeable difficulties. Furthermore, he went on to state that the "inventory" should refer to four other ongoing themes in Community negotiation/decision-making: the budget/contribution debate, own resources, Mediterranean agriculture, and the free movement of workers.¹¹⁶ The rest of the Council agreed to his request, halting enlargement negotiations until the Commission reported back to the Council.

The "inventory" constituted an obvious delaying tactic. Apart from the **Fresco** and the **Opinion** of Spanish membership, the Council had already received numerous elaborated reports on various chapters in three years of negotiations: the inventory would only confirm what they already knew. However, in adopting Mitterrand's suggestions, the Council helped to shift any "blame" for lack of progress away from France as an individual Member. France thus made procrastination and

obstruction a Community act. Moreover, by making their instructions to the Commission increasingly specific, the Council demonstrated its increasing interference in policy initiation.¹¹⁷

An understandably disenchanted Spanish public, press and government responded. Scathing press reports appeared about the Council's inability and/or unwillingness to make decisions, the cynical machinations of France and Britain, and possible anti-Spanish conspiratorial motives for halting the discussion.¹¹⁸ Their reaction made little impact: on his Madrid visit in late July, Mitterrand maintained his position. By then it was clear that France and the Community would not act until after the Spanish general elections in October.

D. Change of Party, Change of Style in Spain: 1982-1983

The election of Socialist Prime Minister Gonzalez in October 1982 produced decisive changes on the Spanish side of negotiations. Firstly, the Spanish socialist party (PSOE) made both accession and NATO major platforms in its campaign. Gonzalez and his supporters made accession a high priority, to be accomplished within one legislature. They also placed Spain's recent NATO membership into question by campaigning for a referendum on the issue. This enabled the new government to tie both issues together for political leverage, both implicitly and explicitly.¹¹⁹ Secondly, the new government consisted of young ministers (average age 41), none of whom held cabinet posts under the *ancien regime*, unlike previous UCD governments. This gave them more "democratic" credibility. Thirdly, the Spanish team combined the above elements to negotiate much more aggressively. Their basic considerations and economic goals remained unchanged; their presentation differed. The Community, as usual, reacted slowly; in any event it awaited the inventory and other reports. Finally, the new

government concentrated on improving relations with France, as the key to unblocking negotiations from 1983 onwards.

In November, the Commission presented the Council with its **Inventory**, which reaffirmed, as expected, all the economic aspects everyone already knew.¹²⁰ The report called on the Council to expedite the already well elaborated decisions needed to unblock the enlargement discussions. In particular it stressed the necessity of concluding revisions on the Mediterranean agricultural **acquis**, on which so much depended.¹²¹ Finally, the Commission again called on the Council to "reward" Spain and Portugal by setting an official accession date. Again the Council declined to do so at the Copenhagen Summit of 3-4 December. In fact, the Heads of State and Government succeeded in passing the buck downwards, as well as offering backhanded encouragement to the applicants. They unrealistically demanded that the Council of Agriculture Ministers complete the new Mediterranean **acquis** quickly — although the Council of Foreign Ministers, or the Heads of State and Government, would ultimately have to approve such a contentious issue.¹²² Their backhanded encouragement took the form of grudging recognition that the costs of enlargement "were not insupportable".¹²³ The Council declined to discuss in detail any pressing problems.

Alfonso Guerra, Deputy Prime Minister of the new government, pre-empted the Community's lukewarm summitry on 25 November by voicing his government's first threat. He noted that if negotiations failed to produce anything substantive soon, after three years, then the prospect of accession would lose its attraction to both Spain and the Community.¹²⁴ The statement implied for the first time that Spain would consider withdrawal from the process. The government used this threat with increasing vigour until the end of 1984.¹²⁵ By threatening this, Guerra signalled that the Community should remember **why** negotiations

occur at all: to obtain new, better outcomes which neither party could gain individually. He also warned that the Community should not abuse or take Spanish enthusiasm for granted.¹²⁶ Foreign Minister Moran followed up the new posture at his first ministerial negotiating session with the Community, by making a very aggressive, assertive statement demanding accession within four years and "concrete proof" of the Council's commitment to enlargement.¹²⁷ The attack and change of style were unwelcome to the Council.

Further progress, as usual, awaited Community negotiation/decision-making. On 7 February 1983, the Commission released its proposals for "own resources". It proposed lifting the 1% VAT ceiling to increase revenue, which the West Germans would later make conditional on the success of enlargement.¹²⁸ Later that month, the Commission presented detailed proposals on the Integrated Mediterranean Programmes (PIM), a 6-year program to develop Greek, French and Italian Mediterranean agriculture, tourism and small businesses.¹²⁹ The PIM explicitly excluded the applicants. It also submitted the first in a series of reports on a new *acquis* in Mediterranean fruits, vegetables, and vegetable oils and fats in view of enlargement. These reports addressed foreseeable growth in olive oil lakes, and the mechanics of extending the CAP to perishable products, among other things. They emphasized budgetary constraints.¹³⁰ Yet despite the availability of discussion documents the Council failed to make headway in either its own or the enlargement negotiations.

By the April ministerial negotiating session, an impatient Foreign Minister Moran launched into a tirade against the Council, noting that nothing substantive had been achieved for thirteen months because of Council procrastination.¹³¹ The participants managed to close the customs union chapter of the treaty at that meeting -- thereby completing

about 15% of the negotiations in 38 months. The Community continued to protest its "political will".

As mentioned earlier, upon taking office, the Gonzalez administration pinpointed key Member governments whose cooperation and agreement it considered critical to the success of negotiations. Prime Minister Gonzalez' first official visit to Bonn should be seen in this light. Although neither government released precise information regarding the exact context of their leaders' discussions, it is clear in retrospect that Gonzalez played the NATO card successfully at this meeting. He received Chancellor Kohl's commitment demonstrably to support enlargement as a condition for Spanish membership and full military integration into NATO.¹³² Subsequent interviews produce confusing evidence on the EEC-NATO link, because of the tensions within the Gonzalez Administration and the PSOE on the subject.¹³³ From that point onwards, whenever the accession negotiations flagged in public eyes, the Gonzalez Administration resurrected the NATO referendum issue.¹³⁴

In early June, after quiet but intensive diplomatic and political activity between Madrid and Paris, Prime Minister Gonzalez hosted the first Hispano-French summit in La Granja. Spain initiated these Hispano-French contacts in a direct attempt to influence French attitudes at all levels of government.¹³⁵ The common party affinity between the two heads of government facilitated Spanish efforts.

Meanwhile, on 7 June, the Commission put to the Council its **third agriculture declaration** for the enlargement.¹³⁶ This detailed document proposed harsh, inflexible terms for Spain, mainly concentrating on protecting EEC "sensitive" fruits and vegetables sectors. It proposed a two-stage, 12 year transition, during four years of which Spain would have to harmonize its markets to the *acquis* without accompanying concessions from the Community on Spanish exports. Olive oil

and wine were not discussed. In effect, the Community proposals differed little from those during attempts to renegotiate the 1970 Accord. It sought to deny Spain access and the benefits of membership, while awarding itself maximum room for manoeuvre. While the Council considered the proposals, the very negative Spanish press, government, public and CEOE reactions are well recorded.¹³⁷ CEOE's active campaign against any form of "political price" for accession continued into 1984. The strong public reaction gave the Government added impetus to inform the Council of the unacceptable nature of the Commission's proposals, lending legitimacy to its efforts to change the Community's position. The Council did not comment explicitly on the proposals at its Stuttgart Summit of 17-19 June.

The Stuttgart Summit's progress was more apparent than real. At last the Council appeared to realize how damaging its paralysis was to its own and the Community's credibility and general existence. This political concern reflected the need for a "relaunch" at Stuttgart. Once again, the Council expressed its political commitment for enlargement negotiations to continue "with the objective of concluding them," while linking this to the resolution of Community financing arrangements.¹³⁸ The commitment to convene "special sessions" of Councils of Foreign, Agriculture and Finance Ministers together to attain a "global" solution in time for the December Athens Summit merely continued the buck passing.

A further complication arose with Greece's assumption of the Council Presidency in July. During his visit to Madrid at the beginning of the month, Prime Minister Papandreu indicated to Spanish officials that they should not discount Greek influence in negotiations, pointing to the need to resolve financial issues and the PIM. Foreign Minister Charalambopoulos also affirmed the primacy of correcting "re-

gional inequalities and economic imbalances". Spanish negotiators realized that Greece could play the "French game", too.¹³⁹

The Spanish government wisely continued to be concerned about the Council's continuing avoidance of specific agricultural proposals. While the Commission presented the Council with a new agriculture declaration in July which advocated a slightly reduced (10 year) transition period, the Government pressed its concerns in its public, minuted Cabinet meeting of 20 July -- the so-called "Monographed" Cabinet meeting on enlargement. The Cabinet meeting took place on the same day the European Council considered the new declaration, and was later released to the Council and press. The text of the monographed statement critically noted the Community's protectionist industrial and agricultural proposals. Once again, the government pointed to the necessity that a negotiated outcome be acceptable to both sides in its insistence on "internal equilibrium between the different chapters of negotiations," and that "the existence of disequilibrium between the industrial and agricultural parts is not possible."¹⁴⁰ Again the government tied the important Chapters together. Throughout the summer and autumn, the Spanish delegation contacted Community negotiators to elaborate on the disequilibria which they felt would lead to substantial (and unfair) difficulty for Spain:

- a) **disequilibrium between chapters:** the Community's (access) orientation on Spanish industry and its (protectionist) attitude to Spanish agriculture.
- b) **disequilibrium between sectors in agriculture:** Community proposals regarding weak/deficit Spanish sectors remained suspiciously quiet on Spanish difficulties, emphasizing Community access in Spanish markets. On the other hand, it proposed very hard terms on Spain's most efficient and competitive (fruit and vegetables) sectors -- punitive to competition.

- c) **disequilibrium in transition periods:** the Community proposed protectionist, punitive transition mechanisms which were asymmetrical and against inherently Spanish interests.¹⁴¹

This insistence on equilibrium was eventually partially accepted by the Community in 1984.

By the autumn of 1983, both Spanish public and negotiators demonstrated their intense frustration with the Community's inflexible attitude and the lack of progress in negotiations. Interviews from late September and early October bear this out, and also the dip in Spanish public enthusiasm in the polls.¹⁴² At this point, negotiators considered their "fallback positions" if the Community continued to fail to demonstrate its seriousness, total withdrawal became a serious option.

E. The Commitment to Negotiate Seriously: October-December 1983

Activity increased markedly at all levels in October 1983, a critical point in the process. Firstly, on 13-14 October Spanish and Community officials attended a series of technical meetings to discuss Spain's response to Community proposals in detail. Once again, Spanish negotiators put their case unambiguously.¹⁴³ At the ministerial level negotiating session on 18 October, they provisionally closed the last of the minor chapters, leaving the most difficult for last: the agriculture, fisheries, and industrial goods chapters remained largely unopened. Avoidance of difficult problems had not solved the problem.

At the Southern European "Socialist Summit" with Greece, Italy and France in Athens on 16-17 October, Prime Minister Gonzalez reinforced his case in his call, united with Prime Minister Soares, for a **significant** breakthrough in negotiations. It is clear from press reports that the Iberian leaders linked inversely the length of the negotia-

tion process to the attractiveness of accession. Spanish and Portuguese officials began publicly discussing "reorientations" in their foreign policies away from Europe to increase the threat.¹⁴⁴ Their threats probably had an impact on the subsequent agreement on the Mediterranean agricultural *acquis* on 18 October.

The 17-18 October Council meeting finally approved the new Mediterranean *acquis* for fruits, vegetables and olive oil, unblocking most of the critical issues in the agriculture negotiations for Spain and Portugal. It had taken two years to achieve.¹⁴⁵ The basic features of the new *acquis* were elaborated as follows:

Olive Oil:

- a) the Council proposed to take a later decision to strengthen implementation and monitoring of production aids. (this was not achieved until the final phase of negotiations).
- b) **Enlargement:**
 - i) the Council proposed a long transition period for olive oil (to safeguard Community interests from Iberia).
 - ii) the long transition would include a "stand still" for Spanish and Portuguese vegetable oils and fats policies (more protection against Iberia).
 - iii) the Council proposed that the candidates adopt Community measures to limit olive production by limiting the surface area devoted the olives (already practised by both governments).

Fruits and Vegetables:

- a) the Community put forward a highly protectionist position vis-a-vis imports from third countries, rather than improvement of internal Community mechanisms.¹⁴⁶

These proposals protected French interests against Spain, especially if Spain continued to be treated as a "third country" for trade purposes during any part of the transition period. The Council effectively put off the decision on olive oil, which dogged the negotiations to the end. All these proposals continued to shift responsibility for adjustment entirely and unfairly on the Iberian countries (aimed at Spain), without significantly altering the Community *acquis*. Their

Heads of State and Government's approval simply increased the mountainous agenda for the December Athens Summit, whose complete failure was due precisely to this procrastination.

Sensing the impending summit fiasco, the Gonzalez Administration increased the stakes for France by leaking a story in *El Pais* that the government was considering trade reprisals against France for its obstructionism in negotiations.¹⁴⁷ Although Prime Minister Gonzalez immediately denied the report's veracity, he hedged noting that Spanish government policies would undoubtedly take account of "political criteria and not just economic ones, in international purchases."¹⁴⁸ He followed his statement up in his open letter to Commission President Thorn and all Member Heads of Government, asking for a frank and substantive commitment to enlargement within a reasonable time frame.¹⁴⁹ The pressure continued on France during his visit to Paris in December just before the Athens Summit, but France conceded nothing.

The Spanish employers organization also entered the fray with its petition to the UNICE Presidents' Congress on 1 December. CEOE's president procured a resolution requesting that the Council Summit in Athens adopt the necessary measures to proceed with an "equilibrated" outcome to enlargement. CEOE vigorously pressed its case on both agriculture and industry, but UNICE rebuffed it. UNICE, led by French industrialists, opposed any industrial organization lobbying on agricultural issues, noting that no UNICE organization acted on both fronts. UNICE effectively asked CEOE to cease its agricultural interest lobby, and to concentrate solely on industrial interests, with their full support. CEOE's actions reflected concern for its agricultural entrepreneurial membership, and also awareness of the weakness and lack of representation of Spanish agricultural interest groups in the negotiations.¹⁵⁰ Nonetheless, thereafter CEOE acted more cautious-

ly with regard to agriculture in its European lobby.

The failure of Athens, however predictable, further increased Community anxiety about its own paralysis. Members, Spanish and Portuguese negotiators and the press alike openly admitted the fiasco. Nevertheless it was a blow to hopes that serious negotiations would begin. Papandreou's link between the PIM and enlargement, while tactically effective, increased bitterness on all sides.

Seeking to repair the damage, Prime Minister Gonzalez made another attempt to convince President Mitterrand to change France's position during a 20 December visit to Paris, on the eve of France's Presidency of the Council. At that meeting, he finally managed to put most of France's agriculture misgivings to rest.¹⁵¹

By the end of 1983, despite its protestations of "political will" the EEC failed entirely to resolve any of the major issues contingent on enlargement. As noted at the beginning of the chapter, the longer they procrastinated, the more multiplying "special interests" prevented a resolution of its problems. By December, a "crisis atmosphere" of massive crippling failure permeated the Community. The Spanish government, for its part, was justifiably highly frustrated by what it saw as petty squabbles and Members' overt refusal to face reality or negotiate seriously. It did not relish being forced into a position of **spectator** in negotiations to which it was a party. Yet, in being forced to wait for the Community, that was exactly the Spanish position, and no form of exhortation, from Spain or within the Community itself, could alter that.

Both internal and enlargement negotiations required **demonstrable political commitment** on the part of key Members even partially to resolve the situation. The French embarked on the course to "save the day". This became the detail phase of the negotiations: the Community

was now prepared to strike a bargain.

3. THE DETAIL PHASE

Having avoided contentious issues for five successive years, Spain and the EEC had yet to complete the majority of the negotiations in 1984. While "unblocked", the agriculture, fisheries, industrial goods, social questions and own resources chapters were still largely untouched -- apart from preliminary declarations -- in January 1984. Moreover, by that time, the scope and complexity of the "problem" of the third enlargement had grown enormously. The Community faced overt Spanish mistrust regarding its seriousness, and a real possibility of failure. By tarrying, the Community forced upon itself a major financial, institutional and credibility crisis, which only **active decision-making** could resolve. Unfortunately, because of the Council's failure to reform, it continued to lack adequate tools to do so. The proportions of this crisis threatened to undermine the Community. For the EEC, the atmosphere was tense and sombre, attitudes and perceptions crisis oriented. The Council had to find a means -- any means -- to complete the enlargement.

For Spain, on the other hand, the picture looked different. The Spanish team were frustrated by of European buck-passing, obstructionism, defensiveness and intransigence. Having heard the Community's constant protestations of "political will", and experienced precisely the opposite in its actions and decisions for five years, Spanish negotiators seriously doubted the Community's intentions in the process. They openly questioned and distrusted Commission and Council predictions about a timely conclusion to negotiations, or that the Community

would seriously consider "very important Spanish interests". The point for a "timely" conclusion was long past -- Spain demanded commitment by action alone.

The failures of 1983 also posed a credibility and prestige problem for the Gonzalez Administration. What if they could not bring Spain into the Community within one legislative session, as they promised? Failure on an important "affair of the State", as the government called accession, would amount to humiliation in Spain's attempt to obtain long desired international legitimacy. Furthermore, by allowing the negotiations to drag on so long, the government was open to accusations that it was a mere spectator to the enlargement process, not a participant in it. This criticism held a grain of truth -- but only if directed at the EEC. The Community's style of negotiation, not the failures of Spain's government, prevented Spain from participating actively. But as time passed without significant progress and public enthusiasm waned, the government was increasingly vulnerable to charges that it, too, was responsible for the delay.

However great the pressures on the Gonzalez Administration, its officials recognized the even greater pressures on the Community, and their softening effect. They sought to exploit the panicky, crisis oriented atmosphere in the Community, reaching for every lever available to procure a "just" outcome.¹⁵² For Spain, the major worry turned to how to avoid being left with only the agriculture chapter to negotiate, and no bargaining counters left. Hence the extensive public discussion of "global equilibrium" and the "global character" of the treaty of accession by Spanish officials.

This posed a major problem for the government. How far could it take the linkage of agriculture/fisheries with the industrial goods chapter? On one hand, if it allowed remaining chapters to be closed

without including agriculture within the quickening bargaining rhythm, they could be left with that chapter on its own, with problematic consequences. On the other hand, if they made too tight a link between agriculture and industry, it might drag down the negotiations. Secretary of State Marin was well aware of the first problem, saying that he was not partisan to "proceed or to close or to accelerate the closure of partial technical chapters, because we risk at the end being left with only the agriculture chapter open, with which the capacity to negotiate practically disappears."¹⁵³ However, to discuss the latter problem would invite politically invidious comparisons as to **which** sector was more important to the Spanish economy, and which (by extension) should make the sacrifices. In a rearguard action, Spanish negotiators did decide to link the industrial goods chapter and the agriculture/fisheries chapters together to obtain *quid pro quo* justice, ultimately unsuccessfully.

Finally, at this point of frustration, depression and crisis on all sides, key Member States committed themselves actively to push the enlargement to completion. The President of France began the process, as Chair of the Council, to "save the Community" from disaster. This made the detail phase possible.

A. Bargaining Seriously: 1984

Despite some actions to the contrary, when France assumed the Council Presidency in January 1984, its actions and attitudes committed it to **enable** negotiations to proceed and end. The French change in attitude may have been related to the coincidence of French Presidency of the Council at the ^{time}. However, it is doubtful that matters extended beyond the attitude change. Despite the change, French officials con-

tinued tenaciously to defend French interests -- at Spanish expense. The difference in 1984 was in France's willingness to discuss and to negotiate, not merely to impose conditions, or voice ambiguous (but blocking) dissent.

Thus, although European Minister Dumas continued to insist, on 6 January, on the resolution of the Community crisis as the precondition for enlargement, subtler changes reassured Spanish negotiators that progress would occur.¹⁵⁴ Even reports in *Le Monde* and *Le Soir* noted a "change in Franco-Spanish ambience" or a "Franco-Spanish honeymoon" at the beginning of the year.¹⁵⁵ President Mitterrand's commitment to enlargement "without delay" further encouraged the Spanish team, to the extent that Secretary of State Marin forecast "good prospects" for negotiations during the French Council Presidency.¹⁵⁶ Mitterrand made the final French public commitment at the Franco-Spanish summit in Rambouillet -- that he intended negotiations to be completed by 30 September 1984: the first commitment to a deadline.

At its meeting on 20 February, the Council approved the negotiating document which opened agriculture negotiations with Spain at the ministerial negotiating session the next day. However, the French representative requested that the Council note that French reservations in the wine sector had to be resolved before negotiations ended.¹⁵⁷ This became a major obstacle. Accordingly, the Community presented the Spanish delegation with its fourth agriculture declaration on 21 February.

The declaration proposed a variation on the "classic" transition, and that Spain accept the *acquis* from accession in three groups of products from the date of accession. These groups covered sensitive deficit products for Spain, and surplus goods for the Community.¹⁵⁸ It was suspiciously silent on the weak producer and marketing organiza-

tion in some of these sectors (cereals, dairy). However, the Spanish wine sector (group 2) was not weak -- and the Community therefore proposed that Spain engage in "production discipline" (e.g., that Spain reduce its output). At the same time, the Community proposed very protectionist measures against Spanish Mediterranean sectors (olive oil, fruits, vegetables). The two-stage transition for fruits, vegetables and olive oil was another overt attempt to preserve the Community **status quo** at Spain's expense.¹⁵⁹ During the first phase, the Community proposed that Spain apply the full **acquis** to its external trade with "third countries", while accepting its own position vis-a-vis the Community as a "**third country**". The second phase would be a "classic" transition.¹⁶⁰ To justify these proposals, the Community pointed to Spain's lack of producer organizations and quality standards as a primary reason for delaying the "classic transition" in those sectors.¹⁶¹ This was a lame excuse -- Spain **did** have producer organizations in its competitive citrus, olive and tomato sectors, which the Community ignored.

The Community's proposals once again reflected the one-sidedness and defensiveness of its approach. In the absence of organized Spanish interest group action, CEOE mobilized all its agricultural and agro-industrial interest groups to lobby the government against the Community's proposals. Out of this process, CEOE adopted a series of "objetivos minimos" based on gradual convergence between Spain and the EEC, which they asked the Spanish delegation to propound and follow.¹⁶² Spanish negotiators largely accepted these, which became the basis for the government's negotiating position on industry and agriculture from that point onwards.¹⁶³

Spain's **third** agriculture declaration reflected CEOE's lobbying activities: it conclusively rejected the Community's "disequilibra-

ting" proposals.¹⁶⁴ After reaffirming its wish to "converge...in the context of principles of progressivity, reciprocity and equilibrium," the declaration examined and critiqued the Community's transition proposals.¹⁶⁵ For example, it rejected the Community's position on wine entirely for its protectionist emphasis, rebutting it by noting that Spanish wine regimes exerted superior control over the sector to those of the Community. It also noted the existence of its own olive oil marketing organization and did not see why a classic transition could not be implemented in that sector. With regard to weak Spanish sectors (groups 1 and 3), the delegation propounded an "exchange vigilance system" on a sector-by-sector basis (special formulas), to protect them from being overrun by Community produce.¹⁶⁶ Finally, Spain asserted its preference for a unitary transition period, repeating the old theme of "duties without membership privileges".

In general, both Spain and the Community restated their positions in great detail, without substantial change on either side. Once again, a negotiating impasse threatened to overtake them. Neither the ministerial negotiating session of 20 April, nor the technical session during that month, made further progress.

Meanwhile, during the spring, negotiations progressed on other fronts, and other complications arose. In March, Greek ministers again explicitly tied the third enlargement to the PIM.¹⁶⁷ The external relations and patents chapters closed in April. The fisheries chapter opened, and with it similar conflicts and confrontations to those which agriculture previously experienced. Spanish fishermen encountered conflicts with several Community Members -- including violence against Spanish lorries along the Franco-Spanish border by French fishermen.¹⁶⁸ This heightened the tense atmosphere. To stoke up pressure on the EEC, Secretary of State Marin publicly noted the relationship

between issues: noting that Spanish NATO membership not only depended on the success on enlargement negotiations, but also on a reasonable outcome on the Gibraltar negotiations with Britain.¹⁶⁹ As negotiations continued to stumble during the spring, and as Spanish faith in the Community's ability declined, EEC Heads of Government visited Madrid to reassure the government.¹⁷⁰

In May, Secretary of State Marin took Spain's position to the European press to argue against the Community position. In a long, wide ranging interview, he criticized the Community's one-sided, protectionist proposals and lack of reciprocity between industry and agriculture, or even within agriculture. Noting the prevailing impasse, he predicted that the Community would fail to complete negotiations by its 30 September deadline. Finally, he reiterated Spain's threat to withdraw altogether if the Community did not change its negotiating orientation:

We are ready to make sacrifices, but if the philosophy of the Community is that all of its problems can be solved by demanding one-sided sacrifices from its new members, then we are not going to join.¹⁷¹

At the ministerial negotiating session of 19 June, both Spain and the Community entered into serious horse-trading between the industry and agriculture chapters. This constituted, temporarily, a major breakthrough in negotiations, indicating serious commitment on the Community's part, and major concessions on Spain's. The Community presented its fifth agriculture declaration in response to Spain's 21 March declaration.¹⁷² The declaration reflected progress in Spanish efforts to sensitize the Community to its fears on only "partial membership privileges", but continued to express major differences in sensitive Community sectors. However, the Community at last partially accepted Spain's point regarding "global equilibrium" in any agree-

ment, which was raised the summer before.

With regard to weak sectors concentrated regionally, the Community announced its intention to allow Spain immediate access to regional development and restructuring funds.¹⁷³ The Community continued to advance the view that Spain should bear the major burden of adjustment of enlargement, no matter what CAP reforms occurred later.¹⁷⁴ Even here however the Community offered a few double-edged, concessions. For example, it accepted the adaptation of Spanish state monopolies to substitute for producer organizations in the dairy, beef, pork, rice and cereals sectors. On the other hand, it insisted on restricting investment for modernization in the beef and dairy sectors, on the grounds that improvement in (Spanish) production and productivity contradicted Community attempts to reduce surpluses. With regard to cereals, the Community proposed very limited transition mechanisms similar to those given Greece.¹⁷⁵ The Community expressed itself willing to discuss other "sensitive sectors" on a case-by-case basis, but rejected out of hand Spanish proposals for special exchange mechanisms as a "significant derogation of the free exchange principle."¹⁷⁶

The Community specified in detail its proposed transition mechanisms.¹⁷⁷ For Spanish fruit and vegetables, it partially conceded Spain's position on the verification of "convergence."¹⁷⁸ Wine and olive oil were not discussed in the declaration.

The EEC's declaration, however, provides only part of the story. By proposing favourable industrial tariff dismantlement terms for a two-stage transition at the same time, the Community forced Spain to choose between industry and agriculture as their "lead" sector. This began Spain's commitment toward a two-phase, ten-year transition.¹⁷⁹ After dogged EEC resistance, and in an effort to prevent breakdown, Foreign Minister Moran reached an informal compromise on broad out-

lines of several sectors, with French European Minister Dumas. The EEC gave only minor concessions.¹⁸⁰ While Spain's tentative agreement seeped into public view, the Fontainebleau summit took place.

At Fontainebleau, the Council made crucial progress on the following issues:

1. Temporary agreement on British budget contributions.
2. Consensus to increase the VAT component of Community own resources from 1% to 1.4% on two conditions:
 - a) West Germany insisted that the ceiling be raised **only** on the accession of Spain and Portugal;
 - b) Britain insisted that its future contribution problems be conclusively resolved before increasing the VAT component of own resources.
3. Agreements on budgetary and financial discipline.
4. Agreements on new guidelines to reactivate European cooperation.¹⁸¹

After the summit, President Mitterrand visited Madrid to report personally to Prime Minister Gonzalez on the progress at the Fontainebleau Summit, again stressing France's commitment to enlargement.

On 19 July, the Community announced a "marathon" negotiation session to maintain the momentum. However, from mid-June to mid-July, as Spain's tentative agriculture agreement seeped into the press, the Spanish delegation was forced drastically to revise its position as a result of the vocally negative response the details received.¹⁸² Thus, in its **fourth** agriculture declaration on 24 July, the Spanish team reversed its position. In a short, direct statement, it recanted the agreement to a variable 7-10 year transition between industry and agriculture, to a single seven year "global" transition. It also sought new concessions for fruits and vegetables.¹⁸³

For the sensitive dairy, beef, pork and sugar sectors, Spain proposed a ten year transition to protect Spanish production from Commu-

nity competition.¹⁸⁴ For fruits and vegetables, the government disputed the Community's interpretation of "verifying convergence", and insisted on relaxation of conditions for the sector as a whole. It insisted on exemption for its citrus sector, constituted the largest share of Spanish agricultural exports to the Community.¹⁸⁵ Finally, the declaration officially expressed preoccupations about the absence of Community wine and olive oil proposals, without which Spain could not formulate its own position.¹⁸⁶ Agriculture negotiations halted throughout the summer as the Spanish delegation responded to the Community's request that it elaborate its position.

Accordingly, Spain presented a **fifth agriculture declaration** on 3 September, restating its case more precisely.¹⁸⁷ This repeated its earlier position. Again they proposed a "classic" transition for non-sensitive Spanish products, with special measures for sensitive products. Again they pressed for market access for citrus products. Again they decried EEC discrimination in the fruit and vegetables sectors. Again they urgently solicited Community proposals on wine and olive oil. The Community failed to reach a common position to respond, either on 3 September or on 18 September.

As a result of the Community's continued failure to resolve its part in the impasse, the government again released reports on domestic opposition to NATO.¹⁸⁸ Prime Minister Gonzalez increased the pressure on the Community by going to Dublin in a personal plea to TD FitzGerald and his cabinet for progress.¹⁸⁹ The 30 September deadline passed without progress. On 3 October, Foreign Minister Moran walked out of another useless negotiating session in disgust.¹⁹⁰ The EEC's ability to make important decisions was again in doubt.

On 16 October, Prime Minister Gonzalez summoned the Community's ambassadors in an appeal for a breakthrough in negotiations.¹⁹¹ He and

his negotiating team expressed concern at the failure to achieve progress in four successive negotiating sessions, pointing to the EEC's overrun deadline. They publicly doubted the Community's ability to achieve a common position on anything. The situation was made worse by the knowledge, on both sides, that Portuguese negotiations would close (pending any major changes) at the end of October.¹⁹²

The pressure on the Community was enormous -- by this point it had firmly committed itself to the enlargement, yet the elusiveness of agreement continued to raise the spectre of failure. It encouraged the Commission and Council alike to make a final desperate push to close the negotiations.

B. Endgame: 1984-1985

The enormous pressure worked. At its meeting on 22-23 October, the Council managed a partial agreement on sugar, olive oil, EEC automobile exports to Spain and Portugal, steel and social issues. It passed its decisions on to the Portuguese delegation for tentative closure of all discussion on 24 October.¹⁹³ Armed with these proposals, Spain and the Community managed to make progress. Having reaffirmed its commitment to Spanish and Portuguese accession by 1 January 1986, the Community gave its proposals to the Spanish team to elaborate a response in the November and December meetings. The Community itself promised to give Spain concrete proposals by January 1985.¹⁹⁴

At this point, Spanish negotiators saw their opportunity to maintain the link between industrial tariffs and agriculture slip from their grasp. The Community's more forthcoming attitude toward resolving industrial issues before agricultural issues remained out of Spanish control or influence although the delegation mounted an intense

diplomatic effort to the contrary.¹⁹⁵

Spain produced its response to the Community's "tentative" position on olive oil, in its November sixth agriculture declaration on the vegetable oils and fats sector.¹⁹⁶ In the declaration, Spain noted the regional and social importance of the sector, and its deficit position in the Community. It asserted that Spain would have no difficulty in making immediate adaptation to the *acquis*, and expressed itself disposed to participate in its reform to accommodate conditions in an enlarged Community.¹⁹⁷ For these reasons, Spain proposed a seven year transition. Proposals for accession MCAs, application of the *acquis*, the customs union and circulation of olive oil and olives remained unchanged from Spain's declaration of 21 March.¹⁹⁸

The next day, on 27 November, Spain and Britain agreed on provisions for Gibraltar, opening the way for accession discussions on trade provisions for the Rock.

December produced intensive negotiations and progress. The Dublin Summit managed to increase the tempo of negotiations further. The Council managed to agree on detailed wine production curbs in the "Dublin Compromise", unlocking the wine negotiations for Portugal and Spain. These proposals, however, were watered down by Italian and West German "escape clauses".¹⁹⁹ Other Members also pressed for their own concessions. France insisted that the estimate of Spanish production rest on the (low) average years 1981-1983, as its "prelable" for a wine agreement. The Italian government, despite gaining the concession to pay viticulturalists to switch crops, also insisted on citrus concessions. Not to be outdone, Prime Minister Papandreou again asserted Greek reservations on enlargement unless and until the Council reached a firm decision on the PIM.²⁰⁰

As a positive response to the Dublin Summit, Spanish government

leaders followed a moderate, sustained position on NATO membership at the PSOE 30th Party Conference on 13-16 December.²⁰¹

The Council managed to approve a wine sector (sixth agriculture) declaration at its 17-19 December meeting, for presentation at the Ministerial negotiating session on the 18th and the 19th. The Community declaration of 18 December conceded important points to Spain.²⁰² It recognized the more stringent and effective regime in Spain, and agreed that it be maintained. This was a major victory for Spain.²⁰³ However, it insisted that the government adopt that part of the *acquis* which encouraged vines exclusively destined for "clairet" mixture to be grubbed or converted.²⁰⁴ The Community also conceded points on Spanish fortified wines not covered by Community legislation.²⁰⁵ Negotiators managed to conclude the industry and institutions chapters, making the final break in Spain's attempt to link industry and agriculture.²⁰⁶ The trade-off to safeguard industry at the expense of agriculture occurred. From that point on, Spain had no bargaining counters left for agriculture, save appeals for compensatory justice, which the Community might entertain or ignore as it chose. Rather than halt the gathering pace of negotiations, Spanish negotiators decided to continue to bargain, and hope for the best, despite public protestations on a "fair deal" for agriculture.²⁰⁷

From January 1985 until the Treaty of Accession's signature, the details of the negotiations moved from a basis of considered economic/social/political appraisals to political decision-making made for the sake of conclusion. This occurred for four reasons. On an objective level, after six years of negotiation, and the intensive activity of June-December 1984, both sides were well aware of the other's positions. Secondly, Commission President Delors and the Italian Council Presidency both committed the Community to completing negotiations by

the special March Summit, come what may. Thirdly, the rest of the Council itself attained a momentum which would not brook serious obstruction. Finally, Spanish negotiators were themselves so committed to finalizing the last few details that they too could not tolerate delaying or halting the process. Consequently, the Spanish team's commitment placed it at the Community's mercy for the duration.²⁰⁸

From the first negotiating session in January, until their formal end in March, Italian Foreign Minister Andreotti personally took charge of initiating and perpetuating a "simultaneous dialogue" between the Spanish delegation, the Council, and the Commission at every Council/negotiation session.

Accordingly, the Spanish delegation produced a mainly favourable declaration on the wine question at the 22 January negotiation session.²⁰⁹ The only significant disagreements were:

- a) The Spanish request to have its production quota increased to the best 3 of the past five years.²¹⁰
- b) Spanish insistence on an exclusive denomination of origin for its sherry/Jerez/Xerez.²¹¹

Unfortunately the Community failed to formulate a response, but again manifested its commitment to end negotiations by the March Summit.²¹²

From February until their formal closure at the March Summit, the negotiations continued almost constantly, with Italian and Commission officials hurrying between simultaneous Council/negotiation sessions.²¹³ Given the intensive, sensitive nature of the final six weeks, both sides refrained from giving the press specific declarations on either their progress or disagreements. To help "push" the Council out of its impasse, Spanish officials again raised the NATO issue when Foreign Minister Andreotti visited Madrid on 15 February.²¹⁴ By 19 February, in light of continued Council blockage, Foreign Minister Moran publicly doubted if accession on 1 January 1986 could

occur, putting more pressure on the Community. On 25-26 February, the Council at last specified a political solution to its wine production curbs, enabling it to come up with a renewed position on the sector.

Finally, the Council of Foreign Ministers met almost uninterrupted from 17-21 March in a last-ditch attempt to resolve the final few issues on wine, olive oil, fisheries, social affairs and own resources before the Brussels Summit. Foreign Minister Moran and his team stayed in attendance to respond immediately to any Community declarations. On 21 March, Foreign Minister Andreotti managed to procure a "global offer" which involved a complicated system of trade-offs between all the issues still on the table.²¹⁵

Relief that the negotiations had finally ended disintegrated upon new French reservations on wine and fisheries. These reservations only concerned arguments over Spanish quota allowances, and their pettiness frustrated all the ministers involved. Negotiations with France resumed. Spanish and Portuguese negotiators maintained that all chapters were closed in principle, apart from French reservations.²¹⁶

The final official negotiating session occurred at the Council of Foreign Ministers meeting on 28-29 March. Once the Council managed to settle French objections, however, the Greek Foreign Minister objected to accession unless and until its PIM demands were finalized. This delayed final provisional agreement until the Council of Heads of State and Government could resolve it at the Brussels Summit on 29-30 March. Greece obtained her prize -- the Council approved the Commission's PIM proposals of the previous month, removing the final obstacle to accession.

As the leaders of the Community of Twelve basked in the final success of enlargement, technical discussions between Spain and the Community continued throughout April and May as they drafted the treaty.

Even at this point, problematic (or only partially settled) issues were swept under the carpet rather than delay the signature of the treaty on 12 June. Any unfinished business would have to be resolved when Spain and Portugal became equal voting Members.

CHAPTER SEVEN

THE PORTUGUESE ACCESSION NEGOTIATIONS

INTRODUCTION

As in the Spanish case, various political and economic factors set Portugal and the EEC on the course of enlargement. Unlike Spain, however, in Portugal the political considerations outweighed the economic as nine successive governments doggedly pursued the grail that accession appeared to represent.¹ This political emphasis was the result of two interlinked problems, which the government never fully resolved during the enlargement process. Firstly, the absence of coherent and reliable economic planning prevented the clear definition and articulation of economic interests for the negotiating team to follow.² Secondly, as demonstrated earlier, the Portuguese economy was in no condition to take advantage of the benefits the Community might offer because of its long-standing structural deficiencies. The parlous state of the economy, political paralysis and lack of coherent corrective policies combined to preclude clear economic objectives and promote political objectives instead. The Community recognized Portugal's manifold, endemic weaknesses, and responded by employing less adversarial tactics. However, the EEC continued to defend "sensitive" inte-

rests (olive oil, tomatoes, wine, sugar) at Portugal's expense. Even if the Community had employed itself less defensively, it is doubtful whether the outcome of negotiations would have altered.

Although from the 1960s onwards trade dependence impelled Portugal towards the Community, the 1974 Revolution provided the most immediate and forceful impetus to opt for Europe.³ Portugal's trade dependence on Britain and Denmark motivated its enthusiasm for the 1972 EFTA-EEC Accord, which occurred as a direct result of the first enlargement.⁴ Indeed, Portugal benefitted by being able to negotiate with the EEC under the framework of EFTA's economic influence. The 1972 Accord, however, resulted less than satisfactorily for Portuguese trade, partly because its economic structure prevented it from taking full advantage of concessions. While Portugal gained some minor agricultural concessions, Italian and French protectionist interests significantly mitigated their effect.⁵ This asymmetrical outcome, favouring the wealthier, stronger EEC, reinforced the germinating idea that satisfactory trade ties with the Community could only occur **within** the Community's decision-making locus, not outside.⁶

Two years later, the revolution enabled Portuguese diplomats in Brussels to prepare the path for accession. Its political leaders, led by Socialist politician Mario Soares, followed the Greek example, pleading "new democracy" as a **political** justification for entry. Most political leaders, in particular the Socialists, demonstrated naive enthusiasm about the possibility of accession; this made up for the public and interest group apathy on the subject.⁷ It is instructive to note that the overall press apathy both mirrored and encouraged public ignorance and inaction -- in contrast to Spain.⁸ Government instability required the political leadership of negotiations beyond the definition of interests, taking responsibility away from its negotia-

tors. Thus, politicians (Prime Ministers and Finance Ministers) rather than diplomats played the pivotal role as Portugal's negotiators, and were even less encumbered than Spain with considerations of press and public opinion. Moreover, because successive governments lacked policies, and the entire society required political and economic reconstruction and socialization, Portuguese negotiators (including the politicians) relied on the Community's initiative to create a favourable outcome.⁹

Portugal's relative lack of negotiating experience with the EEC may also have played a part in its more political negotiating strategy. Spanish negotiators already had twelve years experience of negotiations when the third enlargement commenced. Portugal, on the other hand, enjoyed only seven years experience, part of which occurred under the auspices of EFTA. Perhaps this partly accounts for the generally low press and pressure group exposure and interest. Of Portuguese interest groups, only the employers organization, the Conferencia da Industria Portuguesa (CIP) expressed sporadic interest in the progress of negotiations. Even as discussions wore on, the public remained ignorant and apathetic. For example, after three years of negotiation, *Diario de Noticias* reported a poll indicating that 67% of the population still did not have an exact idea of what the EEC was.¹⁰ Hence, as noted in **Chapter 4**, the government pursued negotiations in isolation from the society at large.

Once negotiations opened, however, complications arose. The uncertain and underdeveloped state of Portugal's economy posed distinct difficulties. Successive governments' inability either to formulate or to implement coherent, rational economic policies made resolving the first problem impossible. The *Comissao para a Integracao Europeia* (the *Comissao*) suffered poor organizational structure, which further

weakened the government's negotiating position.¹¹ Portugal's internal paralysis made its own economic policy contingent on the outcome of negotiations. Portuguese politicians wished to use the terms of the accession agreement to kick-start a coherent domestic political and economic programme: as a reconstructive effort. This was a weak and unsuccessful strategy, largely because of their lack of preparation. Unfortunately for them, the EEC's own negotiations with Portugal in turn were contingent on two other factors outside Portugal's control: internal Community reforms, and the outcome of the Community's negotiations with Spain (which also depended on the first).¹² Portugal, in enlargement negotiating terms, remained at the end of the queue, a spectator. The Community for its part treated Portuguese negotiations as a byproduct of the Spanish negotiations -- almost an afterthought. Portuguese deprecating tactics -- aimed at breaking the link with Spain -- failed to discourage this. This explains why any account of Portugal's accession negotiations appears disjointed: they were largely conducted in an incoherent, disjointed fashion.

For these reasons, the formula and detail phases of negotiations became largely a matter of patience for Portugal. Its negotiators attempted to break the implicit link to the Spanish negotiations (in order to "unblock" their own negotiations) by pointing to the differences between the two countries. Their efforts failed. Towards the end of the detail phase, Soares' last government negotiated more aggressively under the leadership of Finance Minister Ernani Lopes.¹³ Lopes established a specific definition of interests for his country, and used it to pursue (explicitly and publicly) the notion of **compensatory justice**. He sought to exploit whatever strengths Portugal's economic debility might yield to extract maximum concessions from the Community. Above all, successive governments and delegations sought to

reassure the EEC that special concessions to Portugal need not create precedents for the Spanish negotiations, and that Portugal's small size and structure merited special (compensatory) treatment. They failed in the first but succeeded in the second. They always stressed that the Community should not see Portugal as an agent upsetting the **status quo**, a tactic which the Community ultimately accepted only partially towards the end of the negotiations. These self-deprecating tactics were coupled, finally, with Portuguese threats to walk away from the table. This was Portugal's only feasible threat -- an unrealistic and weak one.¹⁴

This chapter is organised in the same manner as Chapter 6. It is slightly shorter because the negotiations were less contentious, and because the earlier discussion of the general political and economic background applies equally to Portugal. The prenegotiation phase in Portuguese accession is shorter, but also sub-divided for easier discussion. The formula phase of negotiations, the longest for Portugal as for Spain, is also subdivided. The detail phase for Portugal is also defined as the "point of no return" in the negotiations, and the short period after the official closure of negotiations.

1. THE DECISION TO NEGOTIATE FOR ACCESSION

Antonio Oliveira Salazar, unlike Franco, never craved the political legitimacy which international trade agreements might yield for his country. Nor did Portugal, unlike Spain, suffer more than self-imposed isolation during its dictatorship. Until Caetano replaced him, Salazar concentrated on classic mercantile exploitation of the colonial **ultramar** as his country's major foreign and trade policies.¹⁵

However, there was never any question whether Portugal belonged to Europe: her leaders may have turned their backs on the continent, but Portugal accepted and was accepted by Europe as European by virtue of her history, geography, culture and religion. Hence Portugal's founder membership of both NATO and EFTA.¹⁶

However, the country's historic trade dependence on Britain made even Salazar sensitive to possible changes in its trade relations with that country.¹⁷ The application to enter into (unspecified) relations with the EEC in the spring of 1962 should be seen in this context. Had Britain succeeded in its application to the Community in 1962, Portugal's balance of trade would have deteriorated dramatically. The Community responded positively to Portugal -- another distinction from Spain. However, de Gaulle's veto on British accession obviated negotiations with the EEC, and Portugal failed to pursue the matter. Discussions had to await new opportunities -- which arrived with the second (successful) British application to enter the Community.

A. Recognising Opportunities: The EFTA/EEC Agreement 1969-1974

British and Community moves to recommence enlargement negotiations in 1970 motivated Caetano's regime to seek "any mutually beneficial negotiations" regarding trade, technical or scientific cooperation between the two parties.¹⁸ Again the Community responded positively in its Hague Communication of 28 May 1970. Point 14 of the Communication specifically approved negotiations for a free trade area between all the non-acceding countries of EFTA and the Community, contingent on a successful first enlargement. Thus, Luso-European relations began under the (northern) context of EEC-EFTA relations, and not as part of a global Mediterranean policy. Exploratory talks at ministerial and

technical levels occurred between November 1970 and June 1971, when the Council approved the Commission's mandate to negotiate with the non-acceding EFTA Members.¹⁹

The resulting negotiations lasted from 7 January 1971 until July 1972.²⁰ During the negotiations, Portugal, like Spain, manifested the basic orientation pursued throughout its discussions with the Community. The Portuguese delegation sought an agreement based on **compensatory justice**, which would respect their country's underdevelopment, sectoral and regional trade dependence, and existing market shares. This required major concessions to Portugal's primary agricultural export sectors, which complemented Italian and French produce. Naturally, Italian and French positional interests oriented the Community toward an inflexible negotiating posture in this respect. However, Portugal pursued the matter until the end of the negotiations, noting the "sensitive products" common to both sides.²¹ In particular, they noted that 44% of their country's export trade depended on four products: transformed tomatoes, wine, port and tinned sardines. On that basis, Dr. Texeira Guerra's delegation sought **special compensatory concessions**, Italian objections notwithstanding. By July 1972, the two parties managed to reach a minimal compromise in which the EEC agreed to quota allowances in wine, port, tinned fish and tomato concentrates to Portugal's major traditional markets in Great Britain, Denmark and Ireland.²² These concessions favoured Portugal less than those produced in Spain's 1970 Accord, especially with regard to wine.²³ Nevertheless, they enabled Foreign Minister Patricio to give Portugal's assent to the 1972 ^{Portugal} -EEC Accord on 22 July 1972.

The 1972 Accord entered force in January 1973. Throughout that year, the Portuguese and EEC teams devised implementing mechanisms, a tariff harmonization calendar, and grappled with the effects of Bri-

tish, Danish and Irish accession. Portugal's trade balance with the Community rapidly deteriorated.²⁴ Before Portugal's part of the Accord could be fully engaged in 1974, the April "Revolution of the Flowers" overtook all parties concerned. Amid the confusion and chaos of the revolution, Portugal's position and opportunities transformed.

B. Recognizing and Seizing Opportunities: Revolution and the Choice for Europe: 1974-1977

The Caetano regime's sudden collapse in April 1974, and the uncertainty the country experienced during the Revolution transformed the perceptions of political leaders both inside and outside its borders.²⁵ For the Community, Portugal's political upheavals signalled the first in a series of worryingly unstable political changes along its southern flank.²⁶ In the Community's view, this removed Portugal from its original EFTA context, and placed it into the Mediterranean context, in which political instability became the major focus of attention. When taken alongside the political violence in Italy, instability in the Middle East and the economic turbulence of the period, the revolution appeared to threaten West European security. West German and Italian government and party efforts to support democracy in Portugal, and the institutionalisation of its political parties during and after the revolution should be seen in this light.²⁷ Community Members perceived the economic and political stabilisation of the southern flank as a good in itself. Thus, even apart from the first enlargement, the EEC appeared to be disposed to consider Portugal's plight as it unfolded. However, it rested on Portuguese leaders to recognize and take advantage of the opportunity presented.

Portuguese political leaders' perceptions embraced several diffe-

rent ideas as they turned towards Europe once more. In domestic political terms, the option for the EEC became part of political party positional struggles for dominance against the Communist Party. The Communist Party (PCP) steadfastly campaigned against relations with the Community.²⁸ Domestic economic considerations occurred in the wake of revolution and decolonization, as successive governments grappled with their country's disastrous economic conditions. With this in mind, they turned to the Community for trade concessions, economic reconstruction and development assistance. However, without a coherent national economic plan, or even reliable data about the economy, Portuguese leaders could not pursue clear conceptions of economic interest in a systematic fashion as Spain did.²⁹ Nor was the Community willing to lend help until Portugal's situation stabilized.

Other international considerations focused their attention on Europe. The rapid decolonization process (1975-1977) deprived Portugal of its traditional **ultramar** trade and foreign policy focus. Governments cast about for a new foreign policy orientation to cope with their underdevelopment and trade dependence. Europe was the obvious answer -- in a sense, Portugal was "condemned" to Europe in geographic and economic terms.³⁰ Furthermore, decolonization, revolution and the 1972 Accord all combined to have a devastating effect on Portugal's overall trade balance: its leaders **required** trade concessions from the Community to improve the country's economic well-being.³¹ In international political terms, Portugal, like Greece, played the "young democracy" card, seeking external support for its new political system. Of course, institutionalizing democracy meant that Portugal could "join" the Community where previously the Birkelback Report barred its **ancien regime**.

Socialist politician Mario Soares acted first upon the opportunity

presented. Indeed, he provided a degree of continuity in Portugal's subsequent negotiations with the Community, although at times unhelpfully presenting the Community as his country's only possible "saviour".³² There is some evidence that electoral motivations lay behind Soares' activities on this front -- at least in the beginning.³³ Shortly before his appointment as Foreign Minister in May 1974, he visited Brussels for discussions with the Commission. This began his active political commitment to the Community, which he had articulated two years earlier.³⁴

On 26-27 June, Foreign Minister Soares and Prime Minister da Palma Carlos initiated the first in a series of government contacts with the Community, to put Portugal's case for trade concessions, and later, for accession.³⁵ At top government level, Prime Ministers and Foreign Ministers visited and received Commission representatives. At the technical level, Portugal used its regular contacts with the Community in the "Mixed Committees" which oversaw implementation of the 1972 Accord. Soares and da Palma Carlos used their first ministerial level meeting, on the eve of a Mixed Committee meeting, to press Portugal's case in three respects. Firstly, they sought to prevent a "freeze" in relations with the Community by assuring the Commission of the Provisional Government's commitment to the principles of the Community and to western democracy generally. Secondly, they sought to activate the emergency economic aid mechanisms of the Accord. Thirdly, they sought to improve the Community's agricultural trade concessions, which had never satisfied them. They based the latter claims for compensatory justice on their country's deteriorating economic condition. The Community responded favourably, noting its disposition to support actively a democratic Portugal, but made it clear that aid was contingent on democracy.³⁶ No change or concessions to the agree-

ment occurred, leading some observers to cast doubt (retrospectively) on the Community's political will.³⁷

By the next Mixed Committee Meeting in November 1974, the Portuguese delegation embellished its tactic: after reviewing the rapid deterioration in their country's economy, they requested further concessions for major agricultural exports, infant industries, and treatment of emigrants.³⁸ Again, the Community failed to respond. No explanation was ever given for its inaction, although possibly EEC representatives chose to wait until Portugal's political situation clarified itself; otherwise inaction appeared as intransigence. Whatever its reasons for not acting, by the May 1975 Mixed Committee meeting, the unstable economic and political situation moved the Community to act.

Community anxieties were justified: 1975 proved to be the most turbulent year of the revolution.³⁹ Wildcat land seizures and attendant violence occurred between January and August, despite the government's belated promises of agrarian reform. The rapid decolonization process began, with floods of *retornados* arriving on the mainland, resulting in a 10% increase in the country's population.⁴⁰ Five provisional governments and two attempted coups added to the sense of instability. Throughout the period, the economy continued to deteriorate. Thus by the time the fifth Mixed Committee meeting took place, Community representatives were willing to recommend to the Council that the Community negotiate new (unspecified) provisions to help Portugal. The Council responded on 16-17 July, noting its willingness to engage in discussions on closer (again unspecified) economic and financial cooperation in a Supplementary Protocol to the Accord, **if and only if Portugal remained a pluralist democracy.**⁴¹ Both parties agreed to meet in October to establish the formula for negotiations.

However, at the 6-7 October Council-Portuguese negotiating ses-

sion, the Council failed to agree on a mandate to enable the Commission to negotiate a Supplementary Protocol.⁴² The Community nevertheless did advance to Portugal 150 million EUA in emergency financial aid. The Council's inability to begin negotiation on an Additional Protocol until 1976 presaged further difficulties to come.

Democratic government in Portugal began to consolidate during 1976, with the promulgation of the new constitution, the general election and the Presidential election during April and June.⁴³ Meanwhile, the EEC Council managed to approve a mandate for the Commission to begin discussions on the Supplementary Protocol. During these negotiations, the Portuguese delegation's efforts to obtain **significant concessions** for all of its major agricultural exports met with only limited success. In the end, they managed to obtain concessions for port wine, emigrant workers and fish exports, but not for tomato concentrates -- again at Italian insistence. The Community also committed a further 200 million EUA over a period of five years in development assistance in a Financial Protocol. Both parties signed the Supplementary and Financial Protocols on 20 September.⁴⁴

By this point it was obvious to Portuguese leaders that they would never procure a favourable or balanced trade relationship with the EEC as outsiders. If they wished more favourable treatment from the EEC, they would have to enter the Community's decision-making locus: which meant accession.⁴⁵ Thus, at the Mixed Committee meeting on 28-29 October, the delegation announced its intention to apply for accession "at an opportune moment".⁴⁶

Prime Minister Soares followed this up by visiting the EEC capitals to solicit Members' views on a Portuguese application. On 28 March, his government officially cast its lot for Europe in a formal application to accede. It was now up to the Community to respond.

C. Opportunity and Reflection: Application and Acceptance: 1977-1978

Unlike the Spanish case, the Community did not delay in acknowledging Portugal's application. By 5 April, the Commission and the Council formally acknowledged it, and the Council instructed the Commission to initiate investigations pursuant to an **Opinion**. The Council also instructed the Commission to "remain in close contact with the Member States on the one hand and Portugal on the other."⁴⁷

While the Commission and the Council considered Portugal's application, Prime Minister Soares (who also held the Foreign Ministerial portfolio) attended the EFTA Heads of Government meeting in Vienna on 13 May to explain his orientation towards EFTA and the Community. He noted his wish to maintain positive trade relations with EFTA notwithstanding Portugal's exit into the Community, and stressed that Portugal would not leave EFTA until it acceded to the Community.⁴⁸ The EFTA Members responded positively, noting that Portugal's desired goal did not contradict free trade principles, and also that any action which could support the country's efforts at economic reconstruction and political stabilization should be welcomed.⁴⁹

During the summer and autumn, the Commission approached Portuguese "sectoral ministries" with the first in a series of questionnaires. Even though the authorities were disposed to cooperate with the Commission, the task proved very difficult. Given the lack of institutionalization of the Ministry of Agriculture, and the general backlog and poor reliability of national statistical data, the difficulty should not surprise us.⁵⁰ The constant lack of current and reliable data plagued the entire accession process.

Meanwhile, in the months before the Commission released its **Opinion**, the Portuguese delegation continued to press for trade conces-

sions at Mixed Committee meetings, to no effect.⁵¹ Unlike Spain, which immediately began its legal and institutional preparations to commence negotiations, Portugal did not begin its preparations to open negotiations until after the Commission released its Opinion on 19 May.⁵² The Comissao para a Integracao Europeia was established afterwards.⁵³

The government responded positively to the Opinion and Fresco in the Spring of 1978, although some observers noted that its use of Community economic "averages" to compare the two distorted the picture.⁵⁴ They were particularly pleased with the Community's political commitment to Portuguese enlargement and economic reconstruction.

The Community cannot leave Portugal out of the process of European integration. The resulting disappointment would be politically very grave and the source of serious difficulties. The accession of Portugal, which set its face firmly towards Europe almost as soon as democracy was restored, can only strengthen the European ideal. The Commission accordingly feels that an unequivocal Yes should be given promptly to the Portuguese request to open negotiations as soon as possible.⁵⁵

...The economic options of restructuring and renewed expansion are both dictated by and conditional on integration into Europe....⁵⁶

....Appropriate development programmes drawn up by the Portuguese authorities in collaboration with the Community, with Community cofinancing, could provide a suitable framework for intervention.⁵⁷

Portuguese leaders had no quarrel with the necessity of economic restructuring. They were happy to see the Community's willingness to aid (if only partially) in planning and funding exercises. Their uncritical enthusiasm centred on the mistaken belief that the Community could provide the economic and political initiative and answers to their country's malaise.⁵⁸ At its summit on 6 June, the Council voted unanimously to open negotiations, giving the Commission its negotiating mandate at the same time. The official start of discussions was

set for 17 October.

As Portugal prepared for its first negotiation session with the Community, Members' attitudes toward the Mediterranean enlargements crystallised. The manner in which Members' attitudes affected the Spanish and Greek negotiations has already been recounted.⁵⁹ The general Mediterranean enlargement polemic within the Community largely focused on the results of the Commission's **Fresco** as a starting point.⁶⁰ The **Fresco** documents provided a favourable prognosis for Portugal in terms of Community aid for development and restructuring, so Portuguese leaders reacted more slowly than their Spanish counterparts to the implications of the debate. As long as it focused on Spain alone and did not threaten Portuguese accession, Portuguese leaders continued to nurse expectations of an expeditious accession -- hence predictions of entry by 1982 or 1983.

However, as the Community's internal crisis manifested itself, and its Members focused their discussion as to **whether or not the Three** (including Greece) **should be admitted at all**, Foreign Minister Soares responded. In his 3 October speech at the College of Europe in Bruges, he attacked the idea of "deepening" the Community without enlargement, asserting that one could not occur without the other. Furthermore, he produced the "young democracy" thesis as a primary justification for the Community's obligation to accept Portugal. However, he did not criticize the Community's evaluation of his country's economy. Rather, he repeated his earlier (vague) calls for it to assist Portugal in its reconstruction.⁶¹

Optimistic that their negotiations would proceed as quickly as for their Greek predecessors, Portuguese leaders approached the opening of negotiations.

2. THE FORMULA PHASE

The formula phase of Portuguese accession negotiations was characterized by frustration and tension on both sides, but little conflict. Both the Council and Portugal opted for piecemeal negotiations, despite the Commission's attempts to forward a principled process. The few conflicts occurred over very specific Portuguese interests (i.e., sugar, wine, tomatoes, olive oil, milk), and concentrated on the level of EEC concessions, not whether it would be granted. This non-adversarial approach reflected Portugal's emphatic position as a *demandeur*.

Tensions centred mainly on the inability of either party to make policy decisions or, by extension, negotiating positions. Two factors caused the EEC's paralysis: its institutional and procedural malaise, and anxiety over the consequences (especially the financial consequences) of Spanish entry.⁶² These two problems entirely coloured the Community's attitude toward Portuguese negotiations. The negotiations thus became more a function of Hispano-EEC interaction than Luso-EEC interaction. The Community's introspective positional struggles often lost sight of Portugal's interests; in any case Portuguese negotiators seldom articulated their interests effectively until late 1983. To the extent that the Community failed adequately to address Portugal's special problems, and tied the Iberian accession together to Portugal's detriment, Portuguese frustrations at the lugubrious progress were justified. However, Portugal's own "special problems" also obstructed proceedings. The failure of its politicians and bureaucrats to grasp the need for rudimentary data collection and economic project planning to qualify for "pre-accession aid" frustrated the Community, as did their lack of preparation and coherence at negotiation sessions.⁶³

The government's own institutional and decisional paralysis has

been discussed in Chapter 4. It profoundly limited Portugal's ability to negotiate. By open admission, successive coalition and caretaker governments proved incapable of agreeing basic economic policies.⁶⁴ Without basic economic policies, the government was unable to construct or approve coherent, coordinated negotiating positions on the basis of clearly defined goals. The concomitant over-bureaucratization and lack of institutionalization of key sectoral ministries (such as the Ministry of Agriculture) exacerbated problems. Moreover, the organs charged to undertake the negotiations, the *Comissao para a Integracao Europeia* and its *Secretariado*, suffered similar endemic organizational and bureaucratic weaknesses, rendering their efforts ineffective.⁶⁵ High turnover of key staff magnified difficulties. The *Comissao* and its *Secretariado* simply reflected the administrative chaos and "policy drift" of government, and manifested the same ill-preparation. Hence the negotiations' disjointedness.

Its clear position as a *demandeur* in the process, and its emphatic lack of preparation allowed Portugal few effective bargaining tools. Without policy direction provided by the government, the *Comissao* could not bargain effectively. Therefore, Portugal's bargaining strength depended mainly on the commitment of key Ministers to push for progress and the sufferance of the EEC.⁶⁶ But this in turn usurped the bargaining autonomy its diplomatic team required. It should not surprise us that Portugal became even more the spectator of its own accession than Spain. Portugal was not practically equipped to engage itself in an international negotiation.

Given the lack of specific, defined economic national interests, Portugal's commitment to accession was clearly political, albeit backed by vaguely conceived long-term economic necessity. Moreover, it became highly dependent on the personal political commitment of one lea-

der, Mario Soares, who presided in one way or another over most of the process. His participation as Foreign Minister, or Prime Minister (or both) provided a thread of continuity in the process. His ability to **learn** proved crucial to negotiations from 1983 until the culmination of enlargement. He and Finance Minister Lopes took^{an} active part in pressing for a conclusion from the summer of 1983. They finally persuaded their coalition government colleagues to adopt some of the economic policies necessary for reconstruction, which enabled their representatives to forward positions based on some clear interests. Both Soares and Lopes also succeeded in utilizing their only threat (withdrawal) to some positive effect, shifting the onus for lack of progress back onto the shoulders of the Community.

A. Reconnoitering: 1978-1980

As with Spain, the first twenty months of Portugal's accession negotiations continued the enquiries begun in 1977, but in a less adversarial context. Portuguese negotiators knowingly entered the process as **demandeurs**, and were optimistic about the expected results. Once they agreed on formal negotiation procedures and an agenda, they concentrated on searching out referents for discussion. They produced very general declarations on non-controversial chapters -- customs union, external relations, and the ECSC, again similar to the Spanish case. The Community studiously avoided discussing agriculture. Portuguese representatives also agreed to negotiate on the basis of a **vue d'ensemble**, again at French insistence.⁶⁷ In consenting to the **vue d'ensemble**, Portugal fell into the same mire as Spain: it was placed at the mercy of Community negotiation/decision-making.

This was a period of revelation for Portugal. As the delegation

began its first serious studies pursuant to preliminary declarations, its weaknesses manifested themselves. The Comissao's President, Victor Constancio, resigned after only eight months, protesting against the impact of the government's political paralysis on his ability to negotiate. He also criticized the effects of **empreguismo** and excessive bureaucratization of the Comissao.⁶⁸ Later, Constancio's replacement, Sr. Pires de Miranda experienced similar difficulties. On top of these internal difficulties, as negotiators examined the application of the **acquis** they discovered the weakness of their bargaining position.

While the Portuguese team groped its way toward a position, the Portuguese side of the Mixed Committee made temporary headway. On 18 December, they signed a Complementary Protocol to the 1972 Accord, in which Portugal finally gained the agricultural trade concessions sought for six years.⁶⁹

By the beginning of 1980, the head of the Comissao's Secretariado resigned because of the negative impact government instability and policy drift had on his effectiveness. In his resignation letter, Secretary de Bethencourt Ferreira noted for the Government's consideration four crucial attributes which his team lacked, to its cost:

1. Evidence of **clear, authoritative government leadership** of enlargement, based on a global strategy with a hierarchy of priorities.
2. The Comissao and Secretariat's need for continuous, concerted and coordinated **communication** with **all** interests in Portugal to define and defend Portuguese interests. Here he spoke of the Assembly's **political interests** and a means of systematically assessing **public opinion**.
3. The fitness (and transformation) of Portugal's **institutional** structures to **prepare and conduct** the enlargement process. This included employing the material and human resources to ensure success.
4. The intensification of sectoral Ministries' efforts to study and produce positions on the "dossiers" to be negotiated -- without which negotiations could not progress.⁷⁰

This pointed public reference demonstrates Portugal's lack of preparation to enter into complicated, serious negotiations, mainly because of its internal political difficulties. These difficulties continued to plague successive negotiating teams and governments throughout the enlargement process.

In the absence of preliminary declarations on the Community's part, and mindful of the importance of the agriculture chapter to both sides, Portugal presented its **First Agriculture Declaration** in February 1980. The declaration simply summarized the basic institutional and economic outline of the Portuguese primary sector, noting the extensive reforms necessary for "harmonious integration."⁷¹ This demonstrated, for both sides, the degree of reconstruction Portuguese agriculture would have to engage in, in order to be an "equal member" of the Community. It also demonstrated the Portuguese team's deficiencies in organization, experience and technical expertise.⁷² The Community failed to present its first declaration for 22 more months.

Portuguese expectations of an expeditious entry, however, faded by the spring of 1980. In May, Britain successfully placed the budget/contributions issue high on the Community's internal agenda. The Council's request for a Commission report (within two years) on the matter intensified attention on the **financial consequences** of enlargement, opening accession to further positional struggles.⁷³ However, President Giscard d'Estaing's speech to French farmers in Paris in June 1980 was the major catalyst for the first major negotiation blockage.

B. Struggle Begins: 1980-1983

President Giscard d'Estaing's pre-electoral speech to French farmers on 5 June 1980, in which he called for a "pause" in the enlarge-

ment process, was a rude awakening. The Sa Carneiro government recognized its clear electoral motivations, and its mainly Spanish orientation. Portugal, after all, exported few products which competed with French produce. However, by requesting a "pause" in the entire process, the French President threatened to sacrifice Portugal's (simpler) negotiations to protect French agriculture from Spain. Moreover, it implicitly linked Portuguese enlargement with Spanish enlargement -- always a sensitive issue for Portugal, especially if Spanish negotiations faltered. But Portugal's position as a *demandeur* in proceedings prevented it from expressing its dismay quite as unequivocally as Spain. So, in its statement on 6 June, the Portuguese Foreign Ministry noted that all Member States had,

...approved clearly and without reservation the principle of enlarging the Community and have specifically accepted the idea of Portuguese accession....The statement made by the French President does not call this into question. President Giscard d'Estaing merely came out in favour of the need for a pause in the process of enlarging the Community without expressing any opposition to the enlargement itself....In the absence of a formal decision by the Community to the contrary, the negotiations with Portugal should continue in accordance with the procedure which has been adopted and in keeping with the timetable agreed upon....If France's position came to be against the continuation of negotiations with Portugal, or against their conclusion as soon as possible, the Portuguese government could in no way agree with this and would act in such a way as to find -- for our country and our economy -- solutions likely to defend the national interest.⁷⁴

In an effort to prevent discussions from stalling, Prime Minister Sa Carneiro visited Paris on 1 July for talks with Giscard d'Estaing. The French President assured Sa Carneiro that Portugal's accession **would** occur, but refused to specify a date. At that point, Giscard d'Estaing stressed the need for a prior solution to the Community's problems before further enlargement could occur.⁷⁵ Later that month, the Council declined the Commission's request to set an official accession date.

No progress occurred during the rest of the summer and autumn.

Despite the upheavals caused by Prime Minister Sa Carneiro's death on 3 December, the Secretariado managed to produce a **Second Agriculture Declaration** on 19 December 1980. This outlined the extensive difficulties foreseen in Portugal's attempts to adapt to the *acquis* in agriculture at all levels.⁷⁶ It went on to discuss possible transitional arrangements on a sector-by-sector basis.⁷⁷ The Community retained the document for study, failing to reply until December 1981.

During the first half of 1981, further progress on sensitive issues awaited the outcome of the May French Presidential elections. The Community limited its efforts to circumvent the growing paralysis in negotiations to identifying the problems of accession by chapter. By the 22 February 1981 negotiating session, both sides reached substantive agreement on the easiest chapters: transport, regional policy, EURATOM, and most economic and financial questions.⁷⁸ However, reaching agreement on increasing numbers of "non-controversial" chapters served only to focus attention on the lack thereof on the important aspects of the rest of the treaty. Agriculture, the "taboo", continued implicitly to dominate considerations on both sides.

Portuguese negotiators were impotent to revive the process during this period. After nine months' slippage in their timetable for accession, the Council's 16 March announcement of an "intensification" rather than an "acceleration" of discussions (its response to a coup attempt in Spain) confirmed fears that accession by 1983 was doubtful. The Community's first major statement on enlargement in April (which failed to mention agriculture) reinforced pessimism.⁷⁹ Amid rumours that accession would be delayed, Prime Minister Pinto Balsemao released a press statement in April, noting that whilst the government desired rapid entry, the **entry terms** were more important than the date.⁸⁰

As Portuguese officials' concern at the impasse increased, Community officials sought to soothe them. Commissioner Natali visited Lisbon at the beginning of May for discussions, from which a "statement of progress to date" was issued later that month. However, progress continued to elude them.⁸¹

When the outcome of the French Presidential elections favoured Francois Mitterrand, Portuguese officials assumed that serious negotiations would recommence. However, at the Luxembourg Council Summit these hopes faded on President Mitterrand's request for a "period of reflection" before embarking on substantive negotiations.⁸² Once again, issues outside Portugal's control blocked discussions. Portugal's negotiators suffered further setbacks that summer as a result of the "lack of government" in Portugal throughout August and September, which deprived the Comissao of the leadership and continuity it required to pursue discussions.

During the autumn, the Community attacked the agricultural impasse from a new direction by opening Council discussions on **Mediterranean acquis** reforms. These discussions proved crucial to the enlargement negotiations, but took two years to conclude. At the 1 December negotiation session, the Community finally presented its **First Agriculture Declaration**, a very general document which outlined its views on applying the **acquis** to Portugal.

This general declaration emphasized Portugal's (unspecified) responsibility to "prepare adequately" to fit into the **acquis**, along the lines of the 1962 Stresa objectives.⁸³ In particular, the Community noted its reticence to create dangerous precedents, its wish to discuss Portugal's special problems on a "case by case basis", and its desire not to discuss Portugal's economic relations with Spain and Greece until "a posterior phase."⁸⁴ The declaration placed most of the

burden for change on Portugal; without however specifying what such change might entail. Clearly Community negotiators expected Portuguese policy-makers to take the hint and embark on fundamental planning and reform of the sector. This ignored, or failed to take sufficient account of, Portugal's own policy-making/decision-making impasse, as well as its inexperience in economic planning. Meanwhile, Portuguese officials increasingly relied on the Community to take the lead to produce specific plans for Portugal's economy generally, and its agricultural sector in particular.

The declaration failed to advance discussion. Dissatisfied, Prime Minister Balsemao pressed for a speedy end to the negotiations during his visit with Prime Minister Thatcher after the London Council Summit. The British Prime Minister raised Balsemao's hopes by noting that the Community did not require that Portugal and Spain accede simultaneously.⁸⁵ President Mitterrand further reassured Portuguese leaders at the Luso-French summit in Lisbon on 12 December when he failed to qualify or object to Sr. Balsemao's expressed aim to accede in January 1984.⁸⁶ He and his colleagues mistook French silence for consent.

Prime Minister Balsemao renewed his efforts to move the negotiations in the new year. In a visit to Brussels in January 1982, he reportedly agreed a timetable for the remaining negotiations.⁸⁷ The Portuguese team presented their **third agriculture declaration** at a technical negotiation session on 18 February, which attempted to respond to the Community's December 1981 declaration.

The Portuguese declaration's vagueness and theoretical orientation provided another illustration of the Government's difficulty coming to grips with the tasks facing it.⁸⁸ It managed to establish three basic objectives which constituted Portugal's essential referents/requisites for Portuguese integration into the Community, summarized as follows:

1. To create better conditions for agricultural development and modernization in Portugal.
2. To upgrade the living standards of Portuguese farmers without creating an unsustainable cost-of-living increase for the rest of the population.
3. To ensure equilibrium in the agricultural balance of payments, as a prerequisite to the necessary transformation and modernization of the sector as a whole.⁸⁹

These stated the obvious. The declaration elaborated on the need to engage in "further study and clarify positions", "propose compatible solutions", and establish an adequate "channel of communication" between Portugal and the Community for information exchange. The delegation also stated its view that the establishment of an agreed, realistic negotiating timetable would "unblock" negotiations on both sides. For Portuguese negotiators explicitly felt that a timetable would enable relevant "agricultural transformation" and economic planning to occur.⁹⁰ This highlights their increasingly explicit dependence on the Community to take a lead in Portugal's internal reforms. In 1982, the dependence was expressed only in terms of the necessity of a timetable. As time passed, however, it became apparent that Portugal required the EEC itself to produce the plans for Portugal's agricultural and economic transformation.⁹¹ The Community again failed to respond.

During the spring of 1982, while the agriculture chapter stagnated, negotiations progressed on seven minor chapters, among them capital movements, regional policy, transport and VAT.⁹² However, the rapidity with which important dossiers in these chapters closed produced the first serious criticism against accession negotiations in Portugal. On 31 March, Pedro Ferraz da Costa, chairman of employers' organization CIP, strongly objected to the politicians' "indecent haste" in negotiations, which he felt would lead to Portugal joining the Community in a very inferior position. He emphasized, for the first time,

that the terms and conditions of accession were more important than entry "at any cost".⁹³

During the same period, Greek Prime Minister Papandreou's new government presented its "Greek Memorandum" which demanded special provisions for his country's special Mediterranean character. By the end of March, the Council instructed the Commission to study the document, which led to proposals for the Community's Integrated Mediterranean Programmes (PIM) a year later. This new "Mediterranean issue" triggered a new negotiation/decision-making spiral in the Community, providing a new obstacle to negotiations, and another Member to attach demands and "preconditions" to their outcome. A further obstacle arose in British preoccupations over the Falklands/Malvinas dispute during the spring and summer of 1982.⁹⁴

The Community seized on the breathing space these obstacles provided. During his visit to Lisbon on 14-16 April, Commission President Thorn implicitly withdrew the "agreed timetable" by refusing to give firm guarantees regarding an accession date. He refused to be drawn into discussion as to whether Portugal would be able to accede prior to Spain in the event of concluding negotiations earlier, despite efforts by Prime Minister Balsemao, Finance Minister Salgueiro, and Foreign Minister Goncalves Ferreira to this end. Nonetheless, Sr. Balsemao clearly stated that a link between Portugal and Spain was unacceptable if it slowed Portugal's entry.⁹⁵ In public, the Community neither confirmed nor denied an official Iberian linkage in negotiations.

Non-agricultural discussions progressed at the 22 June negotiating meeting, perhaps to enable a positive Council statement at the Brussels Summit at the end of the month. However, instead of receiving expressions of "political will", the applicants heard France's request for an "inventory" of Members' positions on outstanding issues. Once

again, President Mitterrand stressed the need for "balance" within the Community, implying that balance should be preserved (at the expense of the applicants), not changed.⁹⁶ This was a clear delaying tactic, aimed at gaining for the Community still more "breathing space" in discussions. After all, the "inventory" could not say more than the **Opinion** and the **Fresco** before it. An **Inventory** could only reiterate those issues of which all participants were fully aware.⁹⁷ But it removed the major burden for obstruction in negotiations from France and replaced it on the Community as a whole.

The approved request for an inventory blocked negotiations on contentious issues until the Commission presented its response four months later. Meanwhile, both parties continued to discuss minor topics, and at the 21 September negotiating session, resolved the major problems in textiles, the ECSC, external relations, taxation and right of establishment dossiers.⁹⁸ However, as in the Spanish case, the more minor issues they managed to resolve, the more apparent it was that the bulk of the negotiations had yet to be tackled. Ignoring the problem failed to make it go away.

At the technical negotiating session on 12 November, Portugal presented its **fourth agriculture declaration** to the Community, two days ahead of the Commission's **Inventory**.⁹⁹ The Declaration was another in-substantial document, but it did introduce two new elements. Firstly, Portugal opened discussion on **transitional arrangements**, firmly orienting discussion at phasing Portuguese agriculture into the CAP over a long period (7-10 years). Secondly, negotiators solicited **special concessionary arrangements** to adapt Portuguese agriculture to the Community. Both elements illustrate Portuguese notions of **compensatory justice**: the transitional proposals aimed to protect the weak primary sector and consumers from excessive "perturbation" arising from adopt-

ing the **acquis**. The proposals for special concessionary arrangements were explicitly aimed at extracting the maximum Community funds for special planning and restructuring projects to develop and modernize the economy (especially agriculture) at the Community's expense. The Community did not reply.

The Commission's conclusions in its **Inventory**, when it arrived on 14 November, merely reaffirmed the issues all the participants already knew.¹⁰⁰ It showed that the costs of enlargement to the Community were much lower than feared by some Members, and would be more than offset by Spanish and Portuguese contributions.¹⁰¹ The real difficulty remained in containing CAP costs, which the Commission stated would have to be done in any case, and which could only occur if the Council revised the CAP **acquis** (including Mediterranean products) as soon as possible. The Commission placed responsibility for lack of progress squarely on the Council's lack of political will, but undermined its own position by unrealistically demanding that the new Mediterranean **acquis** be completed within four months.¹⁰² Finally, it asked the Council to reward the applicants by establishing a firm accession date.

The Council received the Commission's **Inventory** rather grudgingly at the Copenhagen Summit on 3-4 December. It agreed that the costs of enlargement were "not insupportable", and passed the responsibility for unblocking negotiations to the Council of Agriculture Ministers: while aware that that Council would probably pass contentious issues (i.e., the Mediterranean **acquis**) back up to the Council of Foreign Ministers or the Council of Heads of State and Government for resolution. The Council continued to decline to fix a specific accession date, but reasserted its "political will", promising to "press ahead as rapidly as possible." As with Spain, Portuguese negotiators remained unimpressed with such a lukewarm expression of "political will".

C. Unblocking the Logjam: Demonstrating Seriousness: 1983

During the course of 1983 both Portuguese officials and the EEC initiated the steps necessary to break the obstacles to enlargement. On the Community's side, the Commission submitted its **Mediterranean acquis** and "own resources" proposals which the Council eventually approved. Portuguese politicians, after a prolonged vacuum in government, pieced together a coalition willing to address their country's economic malaise. They then began to apply initial corrective measures. Moreover, both sides produced their first serious negotiating declarations. Finally, although accession discussions failed to advance significantly during most of 1983, later progress could not have been achieved without the groundwork laid in 1983.

Apart from the Community's own negotiation/decision-making impasse, Portugal's own vacuum in government reduced the possibility of progress during the year. Prime Minister Balsemao's resignation at the end of 1982 caused the six month vacuum. From January 1983 until the April elections, the caretaker government charged with administering day-to-day government affairs questioned its own authority to pass urgent legislation or engage in international negotiations. This halted Portugal's part in three major international negotiations, including enlargement talks. It also paralysed the country's internal government processes to the extent of depriving its own ministries of operating funds.¹⁰³ The April election failed to return a clear majority to any party, causing lengthy coalition negotiations to ensue in an attempt to establish a new government. This was not achieved until early June. During that period, the Comissao and Secretariado (sometimes under direction of the Ministry of Finance) briefly became their country's main negotiators in the absence of clear government leadership and authority.

This vacuum explains Portugal's increasingly explicit reliance on the Community's initiative, and also the sparse number of its declarations: Portuguese negotiators produced one agriculture declaration in the course of the year. During the same period, the Community produced three declarations. This unfortunate coincidence of Portuguese paralysis and Community attempts to revive the process again precluded Portugal from profiting from the Community's increasing seriousness. A thorough discussion of the circumstances elaborates these points.

At the ministerial negotiating session on 25 January (1983), the Community presented its **Second Agriculture Declaration**.¹⁰⁴ Although at that point the Community remained inclined to put the burden of adjustment for enlargement on Portugal, the document established a few important points to which both parties agreed. Firstly and most importantly, the Community accepted in principle that Portugal required special (longer) transitional arrangements to prevent excessive disturbance in its vulnerable economy. This was particularly important for Portugal's weak primary sector. However, the precise definition of such arrangements remained vague.¹⁰⁵ The Community continued to insist that the Portuguese authorities begin to realign their agricultural intervention structures, regimes and practices well ahead of accession. Community officials rightly based their argument on Portugal's need to **prepare** for accession. Unfortunately, although staff in the Comissao and Secretariado recognized the utility of preparation, and agreed to endeavour to prepare, they could not ensure their **government's compliance**. Compliance with Community exhortations rested with elected policy-makers in government; and the government did not functionally exist at the time. In fact, the government began to comply only during the last half of 1983.¹⁰⁶

At that meeting, the Community also issued a major statement on

the "global" aspects of the negotiations. This outlined important problems in each dossier, and rehearsed the general principles underlying the negotiations. As a demonstration of the Community's seriousness, the statement encouraged Portugal. However, the EEC's initial proposals on the free movement of workers and other social aspects left Finance Minister Salgueiro "less enchanted".¹⁰⁷ Salgueiro's comments, however, were muted, perhaps because of growing awareness that France could block or scupper proceedings at any time.¹⁰⁸ No further progress occurred until October as the EEC's negotiation/decision-making processes churned, and Portugal's political problems awaited resolution. Portuguese morale suffered from both.

Meanwhile, the Commission released its "own resources" proposals in February, proposing to lift the VAT ceiling rate above 1%. West Germany eventually made this contingent on enlargement 16 months later.¹⁰⁹ In an effort to reassure Portuguese negotiators, Enlargement and Mediterranean Affairs Commissioner Natali visited Lisbon on 4-5 March.¹¹⁰ Later that month at the Brussels Summit, the Heads of State and Government formally acknowledged receipt of the Commission's **Mediterranean acquis** proposals.¹¹¹

While Commissioner Natali met politicians in Lisbon, the Portuguese delegation presented its **Fifth Agriculture Declaration** at a technical meeting in Brussels. This was their first substantive declaration which, with the May 1983 statement of objectives, formed the basis of subsequent Portuguese referents for the remainder of discussions.¹¹² The declaration focused on specific issues which the delegation considered essential for "harmonious integration" into the EEC. Briefly these were:¹¹³

1. Agriculture's importance to Portugal in social, economic and political terms; and its importance in the global context of enlargement discussions.

2. The need to resolve questions regarding tropical products (bananas, pineapples, sugar cane); the need to make special arrangements for the Azores and Madeira Islands.
3. Transitional arrangements for Portuguese relations with Spain and Greece.
4. Specific issues raised by the mechanisms noted in the Community's general transitional proposals (25 January 1983).
5. Particular difficulties raised by Community Preference and the Common External Tariff in products sensitive for Portugal: cereals, rice, wine. This point indicated concern that the Community appeared willing to discriminate against Portugal in trade. The declaration stated unequivocally that Portugal would not accept **any** discriminatory devices against trade which might make it less than a full Member in the Community, or placed it at a disadvantage relative to third countries.
6. Specific institutional changes, by sector, needed for Portuguese integration into the Community.
7. Portugal's need for temporary "derogations" to the **acquis**; and for a lengthy transition period.

This was a distinct change from previous vague, theoretical declarations, and signalled that Portugal could negotiate seriously. The new orientation also enabled the final phase of its agriculture discussions to begin four months before Spain. The Community retained the document for study.

The Brussels Summit of 21-22 March failed to push discussions any further. Instead, the Council chose to "consider" the Commission's proposals for further discussion at the June Stuttgart summit. In order to diffuse the applicants' increasing disappointment and frustration at its inaction, the Council resorted to vague expressions of "political will". Hence the declaration "that negotiations with Spain and Portugal should now make substantial progress."¹¹⁴ Such statements were too vague to be encouraging to the applicants. Nor were they backed by the prospect of immediate action. Instead, the Heads of

State and Government called for yet another progress report on enlargement and related issues, for discussion at Stuttgart. This formed the basis of the Community's much touted "relaunch" there. How participants could have expected "substantial progress" in the face of such obvious inaction remains unclear. The 25 May ministerial negotiating session failed progress on agriculture, but progressed on the environment, consumer protection, approximation of laws and EURATOM dossiers.

Further attempts at progress remained in abeyance until the outcome of the April General Election in Portugal.. But, as noted earlier, the election failed to break the pattern established since the Revolution: no single party gained a majority of the vote.¹¹⁵ Once again the parties had to negotiate a coalition, which was not achieved until June. At that point, Prime Minister Soares managed to coalesce with the Social Democrats.¹¹⁶ By that time, the country's state of impending bankruptcy forced the new government to act where none had dared before. Finance Minister Lopes devalued the escudo, abolished and lowered agricultural subsidies, raising staple food prices. By doing so, he attacked the mainstay of Portuguese agricultural intervention. These initiatives occurred to reduce state expenditure, not to align the agriculture sector to the Community. However their practical effect reoriented the economy toward solvency and laid the groundwork for future "adaptation".

The Stuttgart Summit's "relaunch" on 17-19 June failed to inject the necessary momentum into Community processes either to "relaunch" or progress in enlargement discussions. The summit did reflect the Council's growing concern of the self-inflicted damage its own paralysis generated. However, the Heads of State and Government failed to break through their divisions on enlargement and related issues, and were reduced, again, to expressions of "political will" that they in-

tended to conclude the negotiations. The commitment to apply the yet-to-be-agreed **Mediterranean acquis** to the applicants, with the exception of olive oil and wine (the most contentious sectors) also failed to impress.¹¹⁷ The Council's instructions to convene "special sessions" of the Councils of Foreign Ministers, Agriculture Ministers and Finance Ministers to resolve the growing agenda to be discussed at the December Athens Summit simply continued the buck-passing.

Further difficulties arose during the summer when Greece took over the Council Presidency. The Greeks used their leadership of the Community to forward their own positional interests regarding the Integrated Mediterranean Programmes (PIM). Portuguese leaders noted with concern Prime Minister Papandreou's efforts to tie the PIM ^{to} enlargement during his visit to Madrid, and also Foreign Minister Charalambopoulos' comments about "rectifying regional inequalities".¹¹⁸ While his representatives met in a fruitless ministerial negotiation session on 18 July, Prime Minister Soares visited Prime Minister Papandreou in Athens to press Portugal's case.¹¹⁹ Meanwhile, during July, the Commission presented its "reflections" on enlargement, proposing a two-speed transition for the applicants, mainly to protect the Community against Spain. This further discouraged Portuguese officials, because it indicated that the Community was willing to countenance a grouping of permanently unequal partners.¹²⁰ Once again, the strong and rich sought protection from the poor and weak.

Accession negotiations halted again as Members garnered their positional interests for the upcoming budget, **Mediterranean acquis**, PIM and enlargement meetings. The Soares government, which demonstrated its seriousness with better preparation for negotiations and its new economic orientation, was understandably frustrated at the Community's introspection, lack of sensitivity and unresponsiveness.¹²¹ By Septem-

ber, Prime Minister Soares, perhaps following the Spanish Socialists' example, began to make threatening noises about withdrawing from the negotiations if a breakthrough were not achieved soon. Portuguese negotiators, as with Spain before them, began to consider their "fallback positions." Unfortunately, their most rational "fallback", withdrawal, would hurt Portugal more than the Community.

Prime Minister Soares thus went to the Athens "Socialist Summit" on 16-17 October in an aggressive mood. The Summit, devised by Prime Minister Papandreou as a reunion of Socialist leaders and a celebration of a socialist Southern Europe, was attended by the Italian, Spanish French, and Portuguese Heads of State or Government. However, its placement on the eve of an important Council meeting to discuss the **Mediterranean acquis**, and the applicants' intense frustration at the torpor of negotiations combined to reorient the focus of the meeting. Both Prime Minister Soares and his Spanish counterpart forcefully argued their cases to their French, Italian and Greek counterparts. Both Iberian leaders inversely linked the attractiveness of accession to the length of negotiations. Prime Minister Soares in particular sought to procure in Athens an "understanding" with French President Mitterrand aimed at breaking the link with Spain in accession.¹²² President Mitterrand remained ambiguous. The Greek and Italian Heads of Government, on the other hand, stressed their overall support for the enlargement -- although Greece continued to uphold its position on the PIM. Short term considerations continued to dominate the scene.¹²³ Soares' and Gonzalez' threats to withdraw unless a "significant breakthrough" occurred probably had a positive impact on the subsequent agreement on the Mediterranean agricultural **acquis** on 18 October.

The Council meeting on 17-18 October did manage to approve the new **Mediterranean acquis** for fruits, and vegetables, which instantly un-

blocked the agriculture dossier for Portugal. The terms of the new *acquis* have already been discussed in Chapter 6.¹²⁴ Because Portuguese Mediterranean production amounted to an insignificant proportion of the EEC's total, and Portuguese exports in the sector were low, their immediate application did not concern either side unduly. While they did not protest, Portuguese negotiators recognized the protectionist intent of the new *acquis*. This contrasts with the Spanish reaction.¹²⁵ However, the Council's decision to put off a precise decision on olive oil held off the final agreement on Portuguese agriculture until the end of negotiations.¹²⁶

So, by 18 October 1983, Portugal had demonstrated its seriousness, prepared a detailed position on agriculture for negotiation, and begun to realign its economy in preparation for accession. The Council agreement on Mediterranean agriculture opened the way for full discussion on the Portuguese agricultural dossier, four months before Spain.

3. THE DETAIL PHASE

The detail phase of Portuguese accession negotiations contrasted sharply with those of Spain. As noted earlier, the lack of issue conflict accounts for part of this distinction. However, tensions continued to exist, because of the implicit link between Portugal and Spain in Community eyes, and the Community's dilatory behaviour. The Community left the largest, most controversial dossiers until last, and their defensiveness over Spain continued to prevent Portugal's progress. Portugal could not escape from its position at the back of the queue: it was forced to wait for both the EEC and Spain to agree on agriculture, industrial goods, fisheries, social questions and own

resources before culminating its own, simpler discussions.

This greatly increased Portugal's frustration with the Community and Spain. The frustration with Spain complicated the rapprochement between the two Iberian governments. Yet the Soares government's only recourse, given its weak bargaining position, was to insist on severing the link between itself and Spain, and to threaten withdrawal if the negotiating tempo failed to increase. In particular, Prime Minister Soares, Finance Minister Lopes and Foreign Minister Gama worked strenuously to move the Community, to little avail. Portugal's one consolation was in opening the final phase of discussions before Spain -- a purely symbolic achievement.

Although Prime Minister Soares staked his political reputation on securing accession -- possibly with an eye on securing the Presidency of his country -- the detail phase did not pose the same credibility problem for his government as it did for the Gonzalez Administration in Spain. Firstly, as already noted, even in 1983, after five years of negotiations, the Portuguese public remained largely ignorant of and apathetic to the enlargement process. Thus, there was far less public pressure on Portuguese officials. Secondly, parliamentary politics and government in Portugal were already severely discredited because of their inability to function at a very basic level. Securing accession could only raise the public's opinion of democratic government in Portugal, not lower it. Thirdly, Portugal, unlike Spain, had no illusions about its position as a *demandeur* in proceedings, and therefore did not have Spain's difficulties defending a "right to equality". Portugal accepted that it had no such right. Nor could observers be disappointed if her officials failed to insist on the point. This too diffused pressure for negotiators.

However, the same could not be said of the EEC. Its procrastina-

tion did not decrease its internal crisis. On the contrary, the extent and complexity of its institutional, financial, enlargement and credibility crises had grown substantially. Yet the Council continued to lack the tools to extricate itself from the mire. Most of the detail phase of negotiations were viewed by Community officials with a sense of depression, frustration, and near panic. The Community had to prove itself to the applicants and to the watching international community.

The EEC's saving grace came from the key Member States which committed themselves actively to complete enlargement during 1984. The French about-face, concurrent with its Council and Commission Presidency, began the process. British and German cooperation on the budget and other issues increased the momentum. These actions ensured the success of the detail phase of accession negotiations.

A. Bargaining Seriously: October 1983-September 1984

Portugal began the detail phase of negotiations assertively. During Commissioner Natali's visit to Lisbon on 27-28 October, Portuguese leaders expressed their government's impatience to proceed, and frustration at the Community's poor negotiating behaviour. In particular, Foreign Minister Gama noted in a public statement that,

The Communities' internal problems, particularly those concerning its own resources, have led to an unacceptable delay in the treatment of the Portuguese dossiers....Portugal must not be expected to accept willingly and silently the successive postponements, the vague decisions, the repeated excuses....127

Although Commissioner Natali sought to soothe the Portuguese at the beginning of this phase, discussions rapidly bogged down in the run-up to the December Athens Summit as successive key decisions were loaded onto the Heads of State and Government's agenda. This foreshadowed a

summit fiasco.

Nevertheless, Prime Minister Soares and his team continued to press for progress using every available forum throughout November. It is significant that he pre-empted the first Luso-Spanish summit by sending a personal plea for progress to the ten Member Governments on 10 November.¹²⁸ At the summit, held in Lisbon on 11-12 November, Sr. Soares actively put his case to the Press and Spain alike. When interviewed in Spain's leading newspaper, *El Pais*, Soares rejected Spanish suggestions to form a joint negotiating front toward the EEC, refusing any official attempts at linkage, saying that he feared further prejudice to Portugal's position. In doing so, he made it absolutely clear that he felt Spain's presence in enlargement discussions impeded Portugal's own entry. Moreover, he asserted that his country should enter the Community (in 1984) first, because of its prior application and advancement in discussions with the EEC. Finally, he noted the impossibility of achieving joint positions because Spain and Portugal had conflicting interests, particularly with regard to fisheries.¹²⁹ Prime Minister Gonzalez' suggestion of a Benelux-style economic union between the two countries was described as "too imaginative" by Sr. Soares, and sharply critiqued by the *Confederacao da Industria Portuguesa* (CIP).¹³⁰

Later that month, on the eve of a ministerial negotiating session, Prime Minister Soares visited President Mitterrand in Paris to press his case. He again stressed his desire that Portugal be treated separately from Spain, in an effort to soften and redirect French obstructiveness. M. Mitterrand promised to consider Soares' comments.¹³¹

At the ministerial negotiating session on 29 November, the Community presented its Fourth Agriculture Declaration, as well as a fisheries declaration. The agriculture declaration elaborated its earlier

general position regarding pre-accession aid for Portugal.¹³² This marked an important step forward in discussions. It offered a "new transition scheme" which differed from that offered to Spain, inasmuch as it aimed to protect weak Portuguese agriculture from serious disruption on entry.¹³³ The proposal divided Portuguese agricultural transition according to short, medium and long-term objectives for development and integration. Furthermore, the Community proposed that transitional arrangements be securely linked to a specific development program for Portugal. The guiding principle of this proposal accounted for Portugal's structural deficiencies and peculiarities, and also the need to modernize and align its primary sector along Community lines gradually. The reconstructive element of the proposals is obvious. The Portuguese team responded by indicating where difficulties remained in the proposals (particularly in olive oil, sugar, wine and cereals), and requesting elaboration.

The Community responded with a much more specific, weighty document at a 5 December session.¹³⁴ Specifically, as noted above, it divided objectives temporally. Proposals for transitional measures were aimed to fulfil the objectives set by each stage in the transition. Provisions were further divided according to sector. This included five main components:

1. Objectives

Phase 1: oriented to enable Portugal to adapt and modernize its structures and market organization to EEC norms. This implied that all agricultural intervention costs would be paid by the Portuguese government.

Phase 2: oriented to modernize and integrate its structures and market organizations into the CAP. The CAP would gradually take over funding.

2. CET and Community Preference: adoption of both for all imports from the date of accession. This had implications on the livestock sectors (dependent on imported feedstuffs) and fruit and vegetable imports. This in turn had implications for Portugal's balance of payments.

BUT Portugal would have the right to defer aligning its trade system, if (unspecified) "serious market disruption" threatened to occur.

3. Portugal would be able to **retain all revenues raised** by the CET and import levies during Phase 1, to offset increased (government) agricultural intervention expenditure.
4. Duration: Phase 1: 3-5 years; Phase 2: 5-10 years.
5. Conventional Transition: (for Portugal's few competitive sectors) immediate application of CAP norms from the date of accession. Transition not to exceed 7 years.¹³⁵

These proposals, with some alterations, became the basis of Portugal's transition regime.¹³⁶ They reaffirmed the Community's "reconstructive" attitude and Portugal's weak *demandeur* position. The document addressed most of Portugal's concerns, and subsequent official reaction (23 January 1984) gives the impression that they could not have requested much more generosity from the Community.

The 3-4 December Athens summit failed to attain the "breakthroughs" ordered by the Stuttgart Summit. Preparatory meetings, failed to produce agreement on outstanding issues, and an increasing number of decisions were put off for "final" resolution in Athens. This produced a complex, overloaded agenda for the summit. It is therefore unsurprising that they failed to reach agreement on outstanding enlargement, agricultural, financial, social and other issues.¹³⁷ The acrimonious breakdown of discussion and lack of communique are further indicators of the much publicized fiasco. The Community's manifest failure raised the crisis atmosphere amid vocal press doubts of its ability to perform as an international actor.¹³⁸ The failure at Athens illustrated the manner in which the Council's internal impasse combined with its ambivalence toward (Spanish) enlargement to **prevent progress for Portugal**. Despite the Portuguese team's symbolic victory in entering the detail phase of discussions earlier than Spain, and

despite the significant progress made, their country's accession continued to be inextricably linked to Spain's. It therefore remained far from conclusion.

Nor should the resulting Portuguese disillusion surprise us.¹³⁹ Portuguese negotiators doubted, as their Spanish counterparts did, the EEC's seriousness regarding enlargement. Despite Community protestations of "political will", it failed to overcome the obstacles to enlargement, to Portuguese frustration. With the Soares government's demonstrations of seriousness, and details under discussion, the Portuguese team resented the delay to their more straightforward discussions. However, as noted above, this did not pose a major credibility problem for the Government in contrast to the Spanish case.

On the other hand, the Athens fiasco was a serious blow to the EEC's credibility. The period between Stuttgart and Athens failed to resolve issues about which the Community had procrastinated. The Athens summit cast doubt on the Community's ability to act. It also cast doubt on the third enlargement. By extension, these circumstances threatened to undermine the Community's viability.¹⁴⁰ Thus the pressure point of Portuguese accession focused on the EEC. Hence the crisis oriented attitudes and perceptions in Community circles after the summit and at the start of 1984.

These crisis perceptions combined with the change in French attitudes at the beginning of 1984, when France took up the Presidency of both the Council of Ministers. France's softened attitude concerned Spain's accession more than Portugal's, but were essential for progress for both applicants. French leaders appear to have decided to "save the Community" from disaster by enabling constructive discussions on reform and enlargement to proceed and finally to end. This was demonstrated in Luso-French meetings which occurred during the

year. However, the change in attitude did not extend to compromising established French "interests". Once again, French officials (as with their Italian and Greek counterparts) aimed their defence of "interests" largely at Spain, but Portugal also suffered, as noted below.

Given the circumstances, it is not surprising that all parties concerned wished to dispel the impression of paralysis from negotiations. As a further demonstration of Portugal's seriousness on 16 January, the Minister of Agriculture Soares Costa announced plans to dismantle the vegetable oil/oilseed and sugar/alcohol monopolies, IAPO and AGAA.¹⁴¹ This announcement provided concrete if belated evidence that the Government would endeavour to align its agricultural intervention system in accordance with CAP norms. As such it was encouraging.¹⁴² Before the first ministerial negotiating session of the year, French Prime Minister Mauroy visited Lisbon on 19-21 January to emphasize France's commitment to enlargement. His was the first in a series of high level visits of Member politicians in Lisbon.¹⁴³ At the 23 January negotiating session, the Portuguese delegation committed itself in principle to the Community's proposals (declarations of 4 March and 29 November 1983) for a "staged" transition. Portugal's response in its **sixth agriculture declaration** demonstrated the team's willingness and ability to **discuss terms**. And they expanded the content of the Community's proposals. For example, they added three essential objectives to the Community's "objectives of transition" (discussed above) for successful Portuguese integration:

- a) The protection of weak Portuguese markets.
- b) The inclusion of measures to limit the rise in the cost to consumers of essential foodstuffs.
- c) To open EEC markets to products in which Portugal was already competitive.¹⁴⁴

These points implicitly emphasized the Portuguese opinion that the Community ought to be more flexible in its negotiations with Portugal — especially with regard to Portuguese export penetration.¹⁴⁵ Hence the argument for a shorter transition in trade barrier dismantlement. The delegation also pointed to the need to retain state aids in order to modernize the primary sector, and the changes the incumbent Government had already made to approximate them to CAP norms. Finally, the delegation welcomed and encouraged the Community's proposal for a re-constructive **programme of action** (structural programme) during the first stage of transition. The Community agreed, but indicated that the programme contained serious financial implications for both sides which required careful examination. For this they awaited the Community's elaboration. This constituted encouraging progress. However, Portugal's agreement to a two-stage transition increased the tension between Portuguese and Spanish negotiations, because the Spanish delegation continued to resist the idea.¹⁴⁶

Progress continued at the February technical negotiating session, with discussion on institutional questions, specifically sectoral intervention regimes.¹⁴⁷ Earlier that month, President Mitterrand emphasized France's positive attitude to enlargement by declaring himself committed to enlargement "without delay".

Both sides exchanged agricultural declarations at a technical session on 14 April. Portugal's very substantial **seventh agriculture declaration** provided the Community with the best referents yet in discussions.¹⁴⁸ Once again the delegation listed the basic principles and objectives of transition mechanisms before launching into a sector-by-sector discussion of their application. At this point Portuguese officials argued against the Community's position in several "sensitive" products. The tensions here concerned the Community's continued pro-

tectionist bias against Portugal's few competitive products, in particular processed tomatoes, port and wine, and olives.¹⁴⁹ On these issues, Portugal fought for access.

In addition, the team sought to establish new "denominations of origin" for their Dao and Vinho Verde wines. The sugar sector presented other conflicts. As noted in Chapter 4, Portugal's sugar industry is among the most modern in Western Europe, but is almost totally reliant on raw cane imports. At this point in discussions, the Portuguese team sought to maintain their preferential access to cheap imports of cane from former colonies, limit beet imports from the Community, and to obtain a high export quota for processed sugar (the latter generally based on internal raw cane/beet production).¹⁵⁰ With regard to the dairy sector, Portugal found itself in the same position as Spain. The Community's proposals did not countenance aid or encouragement to increase quality, production or productivity, even though Portugal is a dairy deficit country. Community proposals in the sector were clearly not aimed at "harmonious transition" but protection of existing Members' *status quo* and limitation of surpluses, at Portugal's expense. The Portuguese team strove to soften the terms by pointing to their probable deleterious effects on the sector specifically, and to global plans to modernize Portuguese agriculture.¹⁵¹ Finally, the delegation indicated that its interpretation of the Community's requirement to "eliminate state monopolies" in agriculture would be interpreted to mean the elimination of their monopoly status by transforming them to the requirements of Community norms.¹⁵² The Community accepted this interpretation.

The Community's eighth agricultural declaration, presented at the same meeting, addressed Portugal's long-standing requests for specific details of its 1983 transition and structural programme proposals.¹⁵³

With regard to the structural programme, the Community indicated its willingness to devote a total of 700 million ECU over a ten-year period to Portuguese agricultural development. The Community designated FEOGA's Guidance Section as the source of the funds, and specified the uses of the aid, and the monitoring provisions to be undertaken by the Commission. The Community explicitly proposed that this reconstructive programme be an inextricable part of transitional arrangements for Portuguese accession. Therefore, the specific provisions would be written into a protocol annexed to the Treaty of Accession.¹⁵⁴ It is probable that the Portuguese team could not have expected a more generous package. They accepted the terms.

With regard to transitional mechanisms, the Community focused on Luso-EEC trade relations during the transition period. At this point the Community sought to relieve well-founded Portuguese fears over EEC protectionism, while basically maintaining its position.¹⁵⁵ The one concession to the applicant was a guarantee of suitable derogations to the Treaty (on either side) on successful appeal, if the "classic" and "staged" transitional arrangements disrupted markets unduly. Portugal retained the proposals for study. They eventually accepted them, but insisted that derogations be explicit within the Treaty itself.

Three days later, on 17 April, Prime Minister Thatcher visited Government leaders in Lisbon to emphasize British "political will" for enlargement. When pressed by Prime Minister Soares and his colleagues, she declared that discussions should conclude in 1984. But she also inserted a caveat: the necessity of achieving the necessary Community budgetary reforms before the third enlargement proceeded. Prime Minister Soares responded by urging her to "cut the Gordian knots of the EEC" reform problems.¹⁵⁶ As technical negotiators continued to elaborate the details of the final agreement, Government Minis-

ters expressed their increasing dissatisfaction with the link to Spanish negotiations. By now it was inherently obvious that the major obstacles to Portuguese accession lay in Spanish not Portuguese negotiations. While participating more actively, Portuguese negotiators remained spectators. This made them doubt the Community's regard for their country. Member State politicians sought to allay Portuguese frustration and impatience in a series of high level contacts in Lisbon. Italian Prime Minister Craxi's visit there on 3-4 May, before the start of crucial Council meetings in the run-up to the Fontainebleau Summit, should be seen in this light.¹⁵⁷

Portuguese leaders were as aware as their Community counterparts that time was of the essence if the Fontainebleau Summit was not to replay the Athens fiasco. Portuguese officials played on the sense of pressure on the Community. Thus it is unsurprising to find numerous statements by Prime Minister Soares, and Finance Minister Lopes urging the Community to admit that negotiations with Spain slowed Portugal's entry, and to allow Portugal to enter when Luso-EEC negotiations ended.¹⁵⁸ Even the reticent President Eanes pressed for an early entry. On 9 May he used his visit to the Council of Europe in Strasbourg to press his country's case for entry before Spain, pointing to the fact that most contentious issues between Portugal and the Community had already been resolved. He noted the fact that Portugal had already made "significant concessions" in its most competitive sectors, including tomatoes, wine, tinned fish and textiles.¹⁵⁹ This pointed reference may have spurred the Council to act in its 14-15 May negotiating meeting.

The Council's 14-15 May negotiating session provided one of the last leaps forward for Portuguese discussions that year. The 13 May Council meeting produced agreement on a Community Fisheries declara-

tion, opening discussions on that sector. It also produced agreement to apply rules for Common Market Organization in fruit, vegetables and olive oil, which discriminated against Portuguese exports by raising tariffs against them by 10-30%.¹⁶⁰ The negotiating session with Portugal produced agreement on some aspects of Common Market Organization for fruits, vegetables and olive oil, VAT zero-rating, and direct investment in Portugal.¹⁶¹ The Community also presented its **ninth agricultural declaration** at the meeting, a very short document designed to reassure Portugal that no matter the form of transitional mechanisms, Portugal would be a fully participating Member State from the moment of accession.¹⁶² Once again, the Community sought to soothe fears about the impact of its protectionism against the weak applicant. Later, on 24 May, President Mitterrand reaffirmed his determination to proceed with enlargement and to "save the Community" in his speech to the European Parliament. In the speech, he announced the "relaunch of the Community" for the forthcoming Fontainebleau Summit.

However, the optimism generated by springtime developments faded in June as Members exhibited their usual pre-summit jockeying for "positions". It is unsurprising that the 18 June Ministerial negotiating session suffered as a result. The meeting illustrated the divisions on the **specifics** of a final agreement. Portugal presented its **eighth agricultural declaration** at the meeting. In this last major negotiating document, it reviewed all major points of agreement, and reiterated the few points of disagreement.¹⁶³ Major areas of disagreement concerned the length of transition for trade between the parties, tomato concentrate exports, and provisions for fruits and vegetables.

With regard to **trade provisions** the Community proposed a long transition under which barriers would be dismantled (8 years for the EEC, 10 years for Portugal). Portugal responded by suggesting a short-

er transition for the Community to give Portugal a "head start" (5 years for the EEC, 10 years for Portugal). This included **immediate access** for Portuguese fortified (Port), Dao and Vinho Verde wines.¹⁶⁴ Disagreement over tomato concentrates referred to the ancient question of Portuguese access against their Italian competitors. Portugal insisted that a "globally equilibrated" agreement required the Community's flexibility on the issue. With regard to fruits and vegetables, the team wished to maintain import barriers for weak products.¹⁶⁵

The reference to a "global equilibrium" is reminiscent of the Spanish team's negotiating tactics; it is possible that the Soares government borrowed the device. In the event, however, the Portuguese declaration was not even discussed, much to Finance Minister Lopes' disgust.¹⁶⁶ Instead, both sides devoted the meeting to a few aspects of the Community's **tenth agriculture declaration**.¹⁶⁷

The Community's declaration addressed the disquiet Lopes' team expressed in April. After "taking account" of their preoccupations in a summary, and elaborating all points of accord on transition mechanisms, the document concentrated on "suspended questions". Of major interest were the Community's "reserved position" (i.e., unresolved) regarding vegetable fats and oilseeds, Portugal's insistence on "safeguard clauses" during transition, dismantling incompatible state aids, EEC-Portuguese and Portuguese-third country trade, the structural programme, price and production "discipline" during transition, and sugar.¹⁶⁸ With regard to **state aids** and "**safeguard clauses**", the Community proposed to use the Greek accession provisions as a precedent. The discussion on **trade** concerned Portugal's charge that the Community wished to give the applicants less than full Member status during transition. While denying that this was the case, the Community defended a virtually unaltered position. On the issue of **price disci-**

pline, the Community accepted that Portugal would have to raise the prices of its cheaper products gradually to avoid prejudicing the interests of the consuming society. With regard to **production discipline**, the Community asserted that "while permitting augmentation in productivity, and thereby, of competitiveness, (that it) should not worsen the existing Community's overproduction, nor in an enlarged Community."¹⁶⁹ In effect, the Community reserved its right to insist on discriminating against Portugal in the sensitive milk, sugar and olive oil sectors. Community officials also noted that Portugal had not yet begun to implement its part of the agreed **programme of action**.

However, disagreement over provisions for sugar dominated discussions. In its declaration, the Community rejected Portugal's insistence to maintain its "traditional" 490,000 mT sugar refining capacity, and its wish to maintain preferential access for (cheap) raw cane imported from ACP countries. Instead, the Community pointed to Portugal's low internal consumption (300,000 mT per annum), and existing CAP criteria for calculating quotas for refined sugar (on the basis of domestic raw cane/beet production).¹⁷⁰ Any quota based on domestic raw material production -- which in Portugal was virtually nonexistent -- would have damaged Portugal's refining industry. The Community promised to review its position. Both sides hoped that a "green week" in July would settle all outstanding issues.

The Fontainebleau Summit's success was a further leap forward in 1984. The Council encouraged the applicants by finally setting the official accession date for 1 January 1986, and also set a deadline for the conclusion of negotiations on 30 September. Furthermore, as noted in **Chapter 6**, the Council agreed to Commission proposals to increase the VAT component of "own resources" to 1.4% on two conditions. Firstly, West Germany insisted that the increase in resources be ef-

fective only on completion of the third enlargement. Secondly, Great Britain insisted that the increase be contingent on the final conclusive resolution of its budget dispute. The latter condition came on top of a temporary budgetary agreement for Britain. Furthermore, the Heads of State and Government achieved agreement on "budgetary and financial discipline", and agreed guidelines to reactivate European Cooperation.¹⁷¹ These agreements freed more issues for final resolution for the applicants. After the summit, President Mitterrand visited Prime Minister Soares in Lisbon on 27 June to report personally on the progress made during the summit, also stressing his commitment to enlargement.

On 2 July, Finance Minister Lopes produced his country's **first long-term economic plan** since the revolution. The plan aimed at stabilizing the balance of payments, economic modernization and recovery and reconstruction, and finally at preparing for accession.¹⁷² Armed with this plan, the government took initial steps to implement the **agricultural plan of action**. Thus, when Commission President Thorn visited Lisbon on 3 July, Portuguese officials were able to point to the economic plan as a gesture of their seriousness and good faith. Thorn emphasized his commitment to Portuguese enlargement, but refrained from discussing the Luso-Spanish link in proceedings.

Further progress to resolve the final few obstacles to accession remained elusive. As the Government continued to produce more plans to tackle its economic problems, the Community reached a new impasse in its internal negotiation/decision-making.¹⁷³ The "green week" in July, intended to resolve the remaining obstacles in the agriculture chapter, failed because of Community disagreements with Spain. Consequently, the Community's eleventh agriculture declaration, presented at the ministerial negotiating session on 23 July, failed to produce

results. Instead, the Community restated the existing major disagreements on the sugar and vegetable fats/oilseeds sectors, and maintained its position on fortified wines (port) and fruits. However, it partially conceded Portugal's point about its weak dairy sector, agreeing to relax some of its harsh terms regarding modernization during the first stage of transition.¹⁷⁴ Final agreement was blocked, again amid rumours of French resistance to the terms on the table.¹⁷⁵

During August, the Community divisions continued to preclude closure. Again, rumours indicated that France was the chief source of disagreement, although Italy and Greece also complicated matters.¹⁷⁶ For this reason, Agriculture Minister Soares Costa planned a trip to Paris in an attempt to soften France's attitude toward his country's accession. This is reminiscent of Spanish tactics during 1984. Of course, the major difficulty for France concerned Spain -- and Portugal was linked to Spanish discussions. But Italian resistance to Portuguese tomato paste exports and Greek attempts to tie the PIM to enlargement complicated matters further. There is no indication of the success of Sr. Soares Costa's trip to Paris.

The 3 September ministerial negotiating session also failed to produce results. The Community's twelfth agriculture declaration restated points of agreement and disagreement without significant change.¹⁷⁷ The Portuguese team arrived at and left discussions empty handed and frustrated.¹⁷⁸ At the meeting, French officials produced a proposal to limit Portuguese wine production via a region-by-region quota. However, even other Members disputed the proposal. The Community's inability to agree on specific issues and its protectionist, punitive attitude frustrated Finance Minister Lopes greatly.¹⁷⁹ Despite disappointment at the Community's paralysis, Lopes' team maintained its optimism that discussions could be concluded within two months if

only the Council was willing to address the last few tricky issues.¹⁸⁰

Nor did the 18 September negotiating session produce more than symbolic results. The Community's continued division over agricultural issues prevented closing the chapter. But Portugal at last broke the link with Spain with regard to the fisheries chapter. It is doubtful, however, that the outcome of the fisheries discussions would have altered much; the victory was more symbolic than substantive.¹⁸¹ Lopes' team's flagging morale required decisive EEC action to be boosted. Instead, the Irish Council President, Prime Minister FitzGerald visited Lisbon on 25-26 September to reassure the Soares Government of the Irish commitment to enlargement, and also to reassure officials that discussions would "conclude shortly". The 30 September "deadline" passed without an end to discussions.

B. Waiting for Endgame: The Home Stretch: October 1984-1985

By the time the 30 September "deadline" expired, Portuguese negotiations had stalled for three months. Portuguese ministers and technical negotiators had repeatedly travelled to Brussels, only to be turned away because the EEC's internal divisions prevented fruitful discussion. On a few occasions, Finance Minister Lopes and Foreign Minister Gama waited several hours for the Council to admit them for discussion, only to be turned away because of the Council's continuing impasse. Again, the Portuguese team publicly doubted the Community's seriousness. The applicants' scepticism, and the Community's own sense of panic and embarrassment at failing to meet its own deadline, forced a renewed attempt to finish negotiations. The applicants awaited the Community to **prove** its seriousness. The Community had to do so to regain its declining credibility. But it is important to note

that for Portugal the bulk of the detail phase had already ended. Portugal, simply awaited Community decisions on a small number of issues to close the agriculture chapter. However, the EEC's divisions and the link to Spain continued to frustrate all efforts. Portugal, the spectator, continued to wait for the others.

At the 3 October ministerial negotiating session, Finance Minister Lopes managed to obtain provisional agreement regarding Portugal's raw sugar cane imports. However, this was the only issue to be agreed. In fact, Sr. Lopes only managed to meet with Community officials briefly, after waiting eight hours to open discussions. Once the negotiating session began, Community officials admitted that, because of continuing internal division, they had nothing to discuss apart from a portion of the sugar issue. Sr. Lopes expressed his dissatisfaction at the Council's poor preparation. Furthermore, he noted that he and his Spanish counterpart wished to "relaunch" the negotiations to assure entry in 1986, but the Community's behaviour prevented it.¹⁸² Later that month, Sr. Lopes increased the pressure on the Community by stating in an interview that he refused to attend the 23 October ministerial negotiating session unless and until the Council met beforehand to discuss and resolve outstanding issues. He insisted that the Community be prepared for a meeting -- a reversal of roles played before 1983.¹⁸³ This move obviously aimed at pressuring the Council to resolve its disagreements; however, EEC sources suggested that nothing would be agreed under the Irish Council Presidency.¹⁸⁴

Prime Minister Soares increased the pressure on 19 October by sending a letter to the Ten Member governments requesting assurances that the 1 January 1986 target date for accession would be met.¹⁸⁵ The letter, which came on the eve of his departure for discussions in Dublin, and prior to important Council meetings, appears to have had

some effect. Following Council meetings on 22-23 October, and a Ministerial level negotiating session with the Spanish team on the 23rd, the Community finally reached agreement on olive oil, sugar, social questions, steel, and automobile exports to Portugal. Once the Community reached "tentative agreements" on these issues, the results were passed on to Foreign Minister Lopes and his team as a *fait accompli*. The agreements of 22-23 October tentatively closed negotiations for Portugal. From that point on, the Portuguese team did not negotiate, but awaited the Community's final terms on unconcluded issues.¹⁸⁶

In Dublin, Prime Minister Soares' letter probably achieved more direct results. He met with Commissioner Natali and Prime Minister FitzGerald to press for closure in discussions and a firm commitment on the entry date. At the end of his visit, he received a joint statement, signed by Prime Minister FitzGerald and Commissioner Natali on behalf of the Council and the Commission, declaring the "irreversibility" of the third enlargement, a commitment to the January 1986 entry date, and "determination" to reach "mutually satisfactory negotiated conclusions" in the near future.¹⁸⁷

While negotiations continued to stagnate in November, Prime Minister Soares used every means available to press for an end to discussions. For example, he used his visit with Prime Minister Thatcher in London late that month to press his case, although discussions were intended to focus on other trade issues.¹⁸⁸

The Dublin Summit, on 3-4 December, produced mixed results. With regard to reforms, the Council managed tentative agreement on a revised, more restrictive wine regime. Although both West Germany and Italy insisted on significant "escape clauses" which mitigated its effect, the proposals opened that topic for discussion with the applicants.¹⁸⁹ Unfortunately, the agreement failed to detail terms for the appli-

cants, only dealing with provisions for the Ten (with a defensive eye on enlargement). At this point, both Portuguese press and politicians expressed great impatience and frustration at the slow progress -- in particular that their negotiations had not been closed.¹⁹⁰ Some reports blamed the lack of closure on Prime Minister Soares' absence from Dublin.¹⁹¹ However, the major obstacle to completing negotiations remained the positional struggles within the Council. While France linked her approval of the wine agreement to Spanish concessions on wine production quotas, other Members also raised new "preconditions". Italy linked renewed insistence on Portuguese and Spanish concessions in citrus products to its approval, despite achieving significant concessions in the new wine regime. Finally, Greece insisted that it would approve neither reforms nor closure of enlargement negotiations unless and until it received a firm (favourable) Council decision on the PIM.¹⁹² The Heads of State and Government agreed to convene a special summit in Brussels at the end of March in order to conclude all issues relating to enlargement.

The outcome of the Dublin Summit disappointed the Portuguese, because they saw their last hope to accede before Spain disappear. Prime Minister FitzGerald, aware of the Soares Government's disappointment, continued to affirm that Portuguese accession was "irreversible", and would definitely occur shortly.¹⁹³ Prime Minister Papandreou wrote to Prime Minister Soares to justify his blocking actions on 4 December. Portuguese officials found Greek behaviour particularly upsetting, and it was reflected in Sr. Soares' response to the Greek Prime Minister. Sr. Soares noted that his Greek counterpart's action carried "risks to peace and democracy", and betrayed "the historical importance of the enlargement of the Communities".¹⁹⁴ He turned Greece's "young democracy" argument on the Greeks.

The 11 December Council meeting failed to resolve any outstanding issues. It is unsurprising that the subsequent 18-19 December ministerial negotiating session ended inconclusively. From that point, the conclusion of the negotiations became the responsibility of the forthcoming Italian Council Presidency.

The Italians did not wait to take up the Council Presidency in order to begin efforts to end the third enlargement negotiations. They began where the Irish left off, pushing the Community toward unified bargaining positions for the sake of ending proceedings. In doing so, they met with significant **informal** success by the end of December.¹⁹⁵ Once he officially assumed the Council Presidency in January, Foreign Minister Andreotti personally directed Council discussions, initiating and perpetuating a "simultaneous dialogue" between his colleagues and the applicants. Part of Sig. Andreotti's success also lay in tight control of press reportage. From January 1985 until the formal closure of enlargement negotiations on 30 March, vague press prevented any unnecessary controversy as the parties strove to maintain their deadline for the March Council Summit in Brussels.

Thus between January and March, various Councils of Ministers met almost continuously to resolve the outstanding agricultural, social affairs and fisheries dossiers. Portuguese officials remained in Brussels during most of this period, in order to wrap up agreement as and when the Council agreed a position.¹⁹⁶ Unfortunately, the Council meetings on 28 January and 18-20 February failed to produce agreement. On 21 February, the Commission submitted further PIM proposals in an effort to remove the Greek block to enlargement.¹⁹⁷

Meanwhile, the Council pressed on. By its 25-26 February meeting, the Agriculture Council at last hammered out its wine regime proposals. This enabled them to close the wine dossiers with both Portugal

and Spain.¹⁹⁸ By 28 February, all outstanding enlargement issues were tentatively resolved, although Greece continued to threaten to veto final agreement if the Commission's 21 February PIM proposals were not upgraded. The Agriculture Council's 13 March agreement for a 5 year structural programme partially addressed Greek claims.¹⁹⁹

Finally, the Council met virtually non-stop from 21-23 March, and tentatively agreed all final provisions for enlargement. However, euphoria at the end of negotiations was cut short by renewed French "preconditions" on the fisheries and wine dossiers against Spain. This sudden new obstacle created a large degree of frustration and acrimony, and forced final agreement and closure to be passed to the Heads of State and Government at the 28-29 March Brussels Summit.²⁰⁰

Finance Minister Lopes and his Spanish counterpart were in attendance during the summit meeting, during which the Council attended to French objections. Once that occurred, all parties thought that discussions had finally closed. However, Prime Minister Papandreu once again demanded satisfaction on the PIM issue, forcing an agreement in Greece's favour in order to end the third enlargement negotiations.

While the twelve governments celebrated ending such a long and difficult negotiating process, new discussions started.²⁰¹ Throughout April and May, both Portuguese and Community technical advisors took charge of drafting the Treaty of Accession. At that point, any newly discovered controversies were swept under the carpet rather than risk a delay in the accession date. However, once the terms were drafted, Portugal gained more specific guarantees of aid from the Community than Spain in the Treaty of accession, as the next chapter indicates.

CHAPTER EIGHT

OUTCOME: THE TERMS OF ACCESSION

INTRODUCTION

The discussion in this thesis indicates that despite its minor sectoral GNP importance to the economies of the Two and the Ten, the agriculture chapter of accession negotiations remained the keystone of the third enlargement. Agricultural issues not only dominated discussions, but their outcome. This is illustrated by the Treaty of Accession's terms.¹ Eighty-six articles (45.7%) of the Spanish portion of the Treaty concern agriculture. The figure for Portugal is even higher: 124 articles (57.9%) are devoted to the primary sector. In all, over half (52.1%) of the Treaty of Accession is devoted to agriculture. If nothing else, the Treaty reaffirms the political pre-eminence of the CAP as a Community policy.

As **Chapters 6** and **7** indicate, the Spanish and Portuguese accession negotiations took markedly different directions. It is unsurprising that their outcome, as defined in the Treaty of Accession, also differed markedly. Spain's adversarial negotiations aimed at **obtaining just terms** by breaking through the Community's defensive positions. The Spanish team believed that just terms ("global equilibrium") could

only be achieved if Spain were treated as an equal. However, the Community's persistent defensiveness created a **mixed outcome** for Spain in the Treaty of Accession. In contrast, Portugal's **non-adversarial** negotiations were guided by the recognition, on both sides, of Portugal's extensive **weaknesses**. Portuguese negotiators sought to **exploit** their unfavourable position by aiming for **compensatory terms**. Portugal's far more **reconstructive** terms indicate a more positive outcome.

This Chapter briefly examines general aspects of the Treaty of Accession's provisions as a means of evaluating the **success of Spanish and Portuguese negotiations**. It is unnecessary to delve into the minutiae of the terms of accession; such discussion easily diverts attention away from the point at hand in this thesis. In any case, various studies explaining and interpreting the details of the Treaty already exist.² Therefore, the discussion here is divided into three major parts. We begin with some **general considerations** of the Treaty's terms, which puts later, more specific discussion in perspective. **Section 2** briefly examines the **terms** of accession in sectors of greatest interest to the participants. Finally, **Section 3** briefly discusses the relevance of the applicants' **negotiating positions** to the outcome in the Treaty of Accession. This discussion provides a basis for the concluding remarks in **Chapter 9**, in which the third enlargement negotiation process will be evaluated.³

1. TRANSITIONAL ARRANGEMENTS: GENERAL CONSIDERATIONS

Before discussing specific aspects of the Iberian Treaty of Accession, some general considerations should be borne in mind. These concern firstly the **types of transition** used and their justification. Secondly, the **flexibility** of transitional arrangements and the **use of mechanisms** (such as ACAs, MCAs and STMs) to regulate trade and prices during transition are examined.⁴ Finally, the contributions issue is also discussed. This examination focuses mainly but not exclusively on the agricultural provisions of the Treaty.

Unlike the two previous enlargements, which undertook a single-stage "classic" transition to align the new Member States' market organization, prices, production etc. to CAP norms, Iberian transitional arrangements include both "classic" and "two stage" components. The general aims of this "dual transition" is described in **Figure 1**, below. At first glance, the basic features of the transition appear to apply equally to both Spain and Portugal. However, when we examine its **application by sector**, the Treaty's intentions diverge sharply between Spain and Portugal, as shown in **Table 1**, below.

Having already discussed the Spanish and Portuguese negotiations in detail, the motivations of the Treaty are obvious: the "dual transition" is used as a device to **protect the EEC from Spain**, and also to **protect Portugal (in most sectors) from the EEC**.⁵ Note, for example, that **Table 1** shows a lengthy transition for the Community's sensitive fresh fruits and vegetables, vegetable oils and fats and wine **against Spain**. This occurred despite Spanish protests, as we have seen. Yet, Spain has a short transition for its weaker dairy, livestock and grain sectors. Thus, although Spain retains a few "safeguards" in weak sectors, the Community's terms seem to be a bit one-sided against Spain. The EEC retains access in strong Community sectors, while denying

SPANISH AND PORTUGUESE "DUAL" "TRANSITION" COMPARED

(336)

TABLE 1

THIRD ENLARGEMENT TRANSITIONAL ARRANGEMENTS, BY SECTOR

PRODUCT	SPAIN		PORTUGAL	
	CLASSIC (7 YRS)	STAGED 1: 4 YRS 2: 6 YRS	CLASSIC (7 YRS)	STAGED 1: 3-5 YRS 2: 5-7 YRS
cereals	x			x
rice	x			x
diary	x			x
beef/veal	x			x
pigmeat	x			x
sheep/goat meat	x		x	
poultry	x			x
eggs	x			x
transformed fruits	x		x	
transformed vegetables	x		x	
transformed tomatoes	x		x	
sugar	x		x*	x**
fresh citrus fruits		x		x
fresh soft fruits		x		x
fresh vegetables		x		x
vegetable oils/fats, ex- cluding olive oil		x	x	
olive oil		x	x	
table wine		x		x
fortified wine		x		x
fibres/flax/hemp	x		x	
seeds	x		x	
peas/beans	x		x	
live plants/flowers	x		x	
dried fodder	x		x	
tobacco	x		x	

Source: Treaty of Accession, vol. 1.

* isoglucose

** other sugars

Spain the same right. For Portugal, the picture is entirely different: 80% of Portuguese agricultural production is subject to the two-stage transition. For Portugal, transitional measures are oriented to enable the Luso-EEC programme of action to ensure the Portuguese primary sector's survival in an enlarged Community. The relatively few products subject to "classic" arrangements are among Portugal's strongest. However, even here, the EEC's anti-Spanish defensiveness

spills over into Portuguese arrangements. In the vegetable fats and oils and wines sectors, Portugal has a lengthy transition more geared to Community preferences than to cater to Portuguese weaknesses.

Furthermore, although the transitional arrangements maintain some aspects of "built-in flexibility" which recall earlier enlargements, room for Iberian (especially Spanish) manoeuvre remains limited.⁶ Once again, this illustrates the Community's differing intentions with regard to the two new Member States. For example, although the mechanisms regulating trade, currency fluctuations and prices (STMs, MCAs and ACAs) operate as with earlier enlargements, the Community retains a high proportion of "safeguard" clauses, particularly against Spain. Moreover, Spain enjoys few "adaptation measures" to soften the impact of accession during transition. The Community intends to enforce production quotas strictly, especially in its "sensitive" sugar, tomato and citrus sectors, and will enforce penalties if Iberian quotas are exceeded.⁷

The Community's specific financial commitments went only to Portugal, not to Spain. Portugal is to receive 700 M ECU for its agricultural programme of action, and 1000 M ECU in loans are to be made available during transition.⁸ When direct reference to structural, social or regional aid aside from these measures occurs, the Community failed to specify any amount which might be forthcoming to the new Members. This is particularly relevant for Spain, as it has no guarantee of priority for any funds whatever.⁹ Neither new Member was awarded special consideration for the use of the ESF, ERDF or other socio-structural funds.¹⁰ Moreover, and perhaps most significantly, neither new Member has access to the PIM (Integrated Mediterranean Programmes), which are of direct relevance to both. With respect to aid, then, the Community discriminates against Spain, in order not to be

committed to "overburdening" its coffers or (if Spain received funds) to enable some Spanish sectors (such as agriculture) to grow still more competitive.¹¹ Portugal appears to be favoured here.

But the scale of aid to Portugal should be put into context. Between the agricultural programme of action and the loans, the Community makes available 1700 M ECU over 10 years. This appears to be generous. However, as noted in Chapter 4, a 1981 IBRD estimate put Portugal's agricultural investment needs alone at over \$400 M.¹² By 1986, the figure would have grown substantially, not only because of inflation, but because of the continued deterioration of Portugal's primary sector. Thus, the adequacy of the Community's generosity may be questioned. More importantly in comparison, however, are the sums directed to Greece, Italy and France through their 7-year PIM. Greece, Italy and France will receive a total of 4100 M ECU to aid their Mediterranean regions as a result of (or against) Iberian entry. Greece, whose primary sector is stronger than Portugal's, will receive 2000 M ECU alone.¹³ In fact, the existence of the PIM makes the Community's aid to Portugal seem less generous, and its lack of provision to Spain positively discriminatory.

Before moving on to specific transitional arrangements, some transitional mechanisms used over a wide range of products should be briefly examined. Firstly, both the Two and the Ten were rightly concerned to limit any adverse economic effects during transition. This particularly concerned the effects of tariff dismantlement, price alignment and currency fluctuations on trade and markets. To regulate these, the Treaty of Accession envisages using Supplementary Trade Mechanisms (STMs), Accession Compensatory Amounts (ACAs), and Monetary Compensatory Amounts (MCAs).¹⁴ STMs are a means of controlling/restricting trade flows of specific commodities imported to and exported

from the Iberian Peninsula. They rely on quotas or "objective quantities", which are based on Spanish and Portuguese "traditional" imports or exports, plus an amount agreed between the Ten and the Two. STMs are reviewed yearly for modification in accordance with Treaty provisions. The goal, in the combination of tariff dismantlement and increased STM quotas, is gradual freeing of trade within the Community of Twelve.

ACAs are similar in orientation to **MCAs**, but address the **real price difference** between Iberian and EEC products during transition.¹⁵ To prevent trade and price distortions during the process of price alignment, **ACAs** impose import subsidies and levies to smooth price differentials between EEC and Iberian products.¹⁶ **ACAs** will be progressively reduced as prices between Iberia and the Ten are progressively aligned. **MCAs** are also applied to Iberian products to account for **currency fluctuations** between the Two and the Ten.¹⁷

Lastly, we should briefly address the contributions and net transfers issue. This has already been discussed in **Chapter 5**.¹⁸ At that point, we noted that the system for EEC resources which existed prior to the third enlargement would have made both Spain and Portugal **net contributors** to Community coffers. Iberian contributions, as with all other Member States, are based on the following:

- a) Payment to the Community of 1.4% of their **VAT receipts**;
- b) payment in full to the EEC of **customs duties** levied on all third country trade;
- c) payment to the EEC (according to CAP rules) of all **agricultural levies** imposed against third country agricultural imports.¹⁹

The method of price alignment discussed above affects the amount con-

tributed to EEC coffers.²⁰ This places Iberian contributions to the Community **below** the Community average during transition. If Iberian contributions are lower, then their access to non-compulsory funds will also be lower.²¹ Thus, while part of the Community's "poor third", they continue to be net contributors to Community coffers. For Portugal, the poorest Member of the the EEC, such a position was clearly unacceptable. Therefore, Portugal received special provisions in the Treaty of Accession to **neutralize its contribution level**. Portugal is not a net contributor, nor does she benefit greatly.²² Spain was not so favoured. Despite acknowledgements on both sides that the prevailing system would make Spain a net contributor, **no special arrangements** occurred to neutralize the effects of transition. Spain pays a "price" for entry, for a minimum of 7 years after accession.²³ This is reminiscent of the British "price" of accession. It is worth speculating whether in the future Spain will raise similar difficulties with regard to the budget/contributions issue.²⁴ Certainly Spain's unfavourable contributions position flies in the face of the "global equilibrium" its negotiators sought.

2. THE TERMS OF ACCESSION COMPARED

A. Transitional Arrangements

The most striking point regarding **sectoral transition measures** is the use to which the 2-stage transition is put for Spain and Portugal. As noted above, the lengthier transition was meant to foster and protect Portuguese agriculture. Moreover, as discussed in Chapter 7, the Community drew up a strict reconstructive plan with targets which Portuguese transition was to follow. They are the following:

STAGE 1:

Objectives:

1. An appreciable improvement in the conditions of production, processing and marketing of agricultural products in Portugal;
2. An overall improvement in the structural situation of the Portuguese agricultural sector.

Measures:

- a) The implementation...of concrete preparatory measures for adopting and applying the **acquis communautaire**, particularly in the fields of production, processing and marketing structures and production organizations;
- b) The application in Portugal, from the date of accession, of Community rules in the socio-structural field, including those relating to producers' organizations;
- c) The extension, to Portuguese advantage, of the best provisions under the Community's LFA (Least Favoured Area) provisions;
- d) The implementation of the **Plan of Action** (structural programme).

STAGE 2:

Progressive adoption of prices, CET, and production disciplines of the Community.²⁵

This is generally expressed in the following specific terms for 2-stage transition by sector, as follows:

STAGE 1:

1. Eliminate state monopoly/trade systems; create/adapt intervention bodies (with suitable infrastructure) according to CAP norms.
2. Create/strengthen producer organizations.
3. Introduce quality norms in line with CAP quality norms.
4. Provide for the free formation of prices and their daily recording.
5. Create agricultural information services, along with their attendant administrative and infrastructural support.

STAGE 2:

As above.²⁶

For wine, a few special provisions operate aside from these general objectives.²⁷ It is significant that no specific objectives are attached to Spain's staged transition, apart from "verification of convergence" during the first stage. This underlines the protectionist intent against Spain. However, Spain's terms for the first stage are similar to Portugal's in the fresh fruits and vegetables sector.²⁸ Beyond that, any similarity ends. There is no attempt to cloak the vegetable oils and fats sector, for example, with "objectives" for Spain.

B. Provisions By Sector

The Spanish cereals and rice sectors are subject to "classic" transition mechanisms during which SENPA must lose its monopoly status and price alignment shall take place.²⁹ Spain has no significant import concessions, although she is a heavy importer of feedgrains. Portugal, on the other hand, is given import conditions on the condition that 15% of its cereal imports come from other Member States. If Portugal fails to import its quota, it must be made up (in addition to the ordinary quota) the following year. Portugal also has "classic" transitional arrangements; the only other notable condition of which is its deadline, in 1990, to hand over its state cereals monopoly (EPAC) to private operators.³⁰

With regard to the livestock sector, the only remarkable arrangements concern pigmeat and the abolition of African swine fever before free movement of Iberian pork occurs.³¹ Spain won a concessionary STM to protect its market from excessive imports (which would raise support costs). For beef, Portugal is required to allow diversification of cattle breeds.³² Both countries have favourable goat/sheepmeat and adequate poultry and egg provisions.³³

Dairy sector provisions are more complicated. Portugal has 10 years to eliminate state aids, apply EEC aids and abolish exclusive milk and pasteurization zones.³⁴ But, in comparison with Spain, measures for Portugal in this sector are relatively generous. Spain is subject to strict production quotas, which if exceeded have super-le-vies applied.³⁵ Basically, this weak Spanish sector is required to align itself quickly to EEC competition and norms. Northern interests prevail.

The **processed fruits and vegetables** sectors, in which both Spain and Portugal already had rather favourable positions before accession, had a reasonable outcome for both. Again, fewer restrictions are placed on Portugal, and its tomato concentrate provisions finally settled Portugal's long-standing complaints about discrimination.³⁶ While Spanish provisions in this sector are not unfavourable, the Community pinned Spain to strict quotas on transformed citrus, peaches and tomatoes, again with heavy penalties if ignored.³⁷ Moreover, the Community will levy ACAs against Spain's quota of transformed tomatoes to raise their price on entry to the Ten. This is overt discrimination.

However, the **fresh fruits and vegetables** sector demonstrates the most overt discrimination against Spain, but not Portugal.³⁸ Community provisions are extensive: 18 articles cover the Spanish sector, but only 4 cover Portuguese fruits and vegetables. The "objectives" of the first phase of transition are roughly the same for both countries, as noted above. But the Community inserted various clauses, often vague and ill defined, which are plainly against Spanish interests. For example, the Treaty of Accession states that Spain must abide by price and production disciplines which at the time of signature (12 June 1985) remained undefined. Spanish exports to the EEC are limited by strict quotas, and export aids similarly limited. Yet Spain must

apply the CET (and EEC preferences to Third Countries) from the date of accession. The only concession was an **action programme** intended to facilitate application of EEC norms, rules and objectives to the sector as a whole. That, too, remained to be produced on the day the Treaty was signed. France, it appears, won her point in this sector.

Similarly, the **vegetable oils and fats** sector displays blatant discrimination against Spain, complicated by its own irresolution on the difficulties presented by the sector.³⁹ While the Treaty envisages a "classic" transition (but over 10 years) with a few modifications for Portugal, for Spain measures are much more severe. Vegetable oils and fats in Spain are subject to a five year "freeze" during which Spain **must not** dismantle tariffs nor import restrictions.⁴⁰ Olive oil prices are to be aligned very slowly during the Stage 1 (1/20 of the differential per annum). This was aimed to give the EEC breathing space before contending with the Spanish olive sector. Olive oil production aids are being introduced over 10 years, and consumption aids only after 5 years. Some products are subject to a price freeze at 1984/85 levels.⁴¹ Obviously, Spain's place as the world's largest olive producer, and the Community's inability to come up with a replacement regime as strict as the Spaniards' (before accession) provides the motivating force for these provisions.

The wine sector, however, shows some significant concessions to Spain, and concessionary aid to Portugal.⁴² Again, Spain's wine regime is stricter and more effective than the Community's. However this worked in Spain's favour. Spain does not have provisions for dismantling a state monopoly, compulsory distillation centres or even adoption of many CAP norms as Portugal does. Instead, Spain won the right to continue its practice of "coupage" -- mixing white into red wines -- during transition, provided that such wines circulated only within

Spanish borders. Community aids for grubbing up vines and conversion are also extended to Spain, in order to accelerate the reduction of Spanish low-quality wine output. However, Spain failed to win the exclusive "denomination of origin" for its sherry/Jerez/Xerez. British and Irish objections temporarily defeated Spain's case; that is, until the situation is reviewed in 1996.

Finally, with regard to the sugar sector, both countries lost little.⁴³ Portugal in particular gained the right to continue its imports from ACP countries, although at a reduced level. Portuguese production quotas were calculated differently to normal EEC practice, yielding other benefits. Spanish production quotas are relatively generous, as is the provision for continued aid to Spanish beet producers during the entire transitional period (10 years).

3. THE RELEVANCE OF NEGOTIATING POSITIONS TO THE OUTCOME

How relevant were the applicants' negotiating positions to their terms of accession? As described in Table 2, Portugal fared rather better than Spain. How do we explain this? Does the outcome reflect particular negotiating talents? Or do other factors explain the divergence?

Given the discussion in Chapters 6 and 7, it is evident that differences existed in the negotiating styles and positions of Spain and Portugal. Spanish negotiators aggressively pursued their positions, even to the extent of occasionally offending Community sensibilities. They used every forum available to publicize their case, and argued articulately. However, the strength of their economy, and its dynamism

TABLE 2

A COMPARISON OF POSITIONS AND NEGOTIATED OUTCOMES

Issue	SPAIN		PORTUGAL	
	Position	Outcome	Position	Outcome
cereals	WPR A (M)	+-	W A (F,R,M)	+
dairy	WR P (M)	+-	WR P (M)	+
beef/veal	WP	+-	W A (F,R)	+
pigmeat	N P (M)	+	N/W	+-
goat/sheep meat	S, N	+	N	+
poultry	N	+-	N/W	+-
eggs	N	+-	N/W	+-
transformed fruits and vegetables	S A (X)	+	N/S A (X)	+
transformed tomato	S A (X)	~+	S A (X)	+
sugar	N/S A (X)	+-	SQ A (M, X)	+
soft fruits (fresh)	S A (X)	-*	N P (M)	+-
citrus fruits (fresh)	S A (X)	-*	N A (X)	+-
vegetables (fresh)	S A (X)	-*	N P (M)	+-
table wines	SCR A (X)	+	S/N A (X)	+
fortified wines	SQP A (X)	-	S	+
olive oil	SCR	-	NCR	~+
FEOGA aid	AR	+	A	+
ERDF aid	AR	++	A	++
Social Fund aid	AR	++	A	++
Special funds	A	-	A	+

A = Access (markets, imports, funds)
 C = Control production
 N = Neutral
 P = Protectionist
 Q = Status quo
 R = Reform
 S = Strong sector

* = unspecified provisions
 - = negative outcome
 +- = mixed outcome
 ~+ = mixed but favourable outcome
 + = positive outcome

both proved powerful liabilities in negotiating with the Community. Spain failed in the fresh fruits and vegetables sector because of her strengths. This failure is particularly significant because over 80% of Spanish exports in that sector go to the EEC. However, Spanish treaty provisions are almost certainly tempered by Spain's in-

sistence on a "global equilibrium", which public and professional organization outcry substantiated. Spain's negotiating positions reflect, therefore, battles fought and lost. However, they will give clues as to the form of redress Spain is likely to seek once its transition is completed. Spanish interests may have lost ground, but given the tenacity with which Spanish negotiators negotiated, it is difficult to dismiss their resurrection in the future. The treatment of Spain during the negotiations recalls the first (British) enlargement. We may also expect Spain to respond as Britain did, in pursuit of a "fair deal" after "payment" is made.

For Portugal, the picture is almost the opposite. How do we explain this? Given what we know of the Portuguese negotiations, we cannot say that the Portuguese team fought a clever battle in its goal to win concessions. Rather, the picture drawn by the negotiations is one of disorganization and ill-preparation. However, as with Greece before her, Portugal's major assets were her small economy and her weakness. The Community could concede to Portuguese agriculture precisely because the sector posed few if any threats. What remains to be seen in the Portuguese case is whether, now that they have won better concessions than their position (or bargaining behaviour) would lead us to expect, they will exploit their opportunities to the full. It is suggested here, therefore, that the coincidence in favourable outcomes for Portugal rested less with the skill of her negotiators than with the complacency of the EEC.

With these considerations in mind, we may now turn to the concluding chapter of this thesis, in which the negotiations are evaluated.

CHAPTER NINE

CONCLUSION:

AN EVALUATION OF THE THIRD ENLARGEMENT NEGOTIATIONS

INTRODUCTION

This thesis has addressed two related topics: negotiation, and the ability of single states (Spain and Portugal) to negotiate with collective entities (the EEC). Without an understanding of negotiation, we would not be able to comprehend the peculiar complexities involved in the comparative case studies provided by the third enlargement. For as Chapters 5 to 7 show, negotiations between single states and a collective entity of sovereign states are not the same as multilateral negotiations. In the former, a parallel process of negotiation occurs (one within the collective entity, and one between the collective entity and its bargaining partner). This slows the pace of negotiation, produces inflexible bargaining postures on the part of the collective entity, and creates special problems for its bargaining partner. But negotiations between single states rely on more dynamic conditions: multilateral negotiations depend on a single process -- "face-to-face" bargaining between all participants.¹

Negotiation is an elusive concept to study. Its intrinsic characteristics defy deterministic theoretical explanation, for it embraces behaviour which cannot be accurately plotted in advance. Zartman's definition of negotiation, noted in **Chapter 2**, indicates the range of behaviour and values encompassed.² His references to positive-sum gains and mixed motives, flexible values and changing evaluations, choices, power, cooperation and conflict show the impossibility of encapsulating the idea of negotiation in a simple, parsimonious theory. However, it has been argued in this thesis that the absence of a theoretical framework with which to study negotiation does not prevent its useful examination. The descriptive process elaborated in **Chapter 2** provides a means of **organizing** and **interpreting** the complex web of motivations, contributing factors, actions and reactions which create and set in motion the activity called negotiation. Furthermore, as this Chapter will show, it provides a means of **evaluating** the quality of a particular negotiation by relating motivations, the process itself and its outcome according to three criteria used by Fisher and Ury: efficiency, effect of the outcome on its participants' relationship, and the "justice" of the outcome.³

However, without an adequate understanding of the constraints within which each bargaining partner operates, we cannot adequately evaluate the handicaps or advantages affecting the outcome of a negotiation. **Chapters 3 to 5** of this thesis identified these constraints. **Chapters 6 and 7** examined the participants' negotiating behaviour given their constraints and the changing circumstances created by the bargaining environment.

This chapter finishes off our examination of the third enlargement as an example of single state-collective entity negotiation by **evaluating** the success or failure of the applicants' efforts during the pro-

cess. This requires discussion of Spain and Portugal's effectiveness in gaining recognition of their legitimate interests. In order to orient this discussion, the criteria for evaluation used in this thesis are briefly summarized. Our discussion continues in a brief comparison of the most salient points of Spanish and Portuguese negotiations, starting from the pre-negotiation phase, to the end of the process. Then the terms of accession are discussed in terms of "success" or "failure", expanding on the discussion in Chapter 8. Finally, some observations are raised regarding the ability of single states to negotiate with collective entities.

1. HOW TO EVALUATE?

A "wise" agreement, a "just" settlement, a "good" bargain, endures. A good outcome leaves all bargaining parties satisfied enough not to wish to alter substantially the agreement reached. In such an agreement, all participants "win" recognition of their most important interests, or are compensated for important issues "lost". All participants concede on some issues to some point, but the agreement is considered "just" because it is desired by all; it is balanced. It has created an environment much better than the *status quo ante* (no agreement). Each individual "wins" to some extent, and the community party to the agreement also "wins".

An "unwise" agreement, an "unjust" settlement, a "bad" bargain, encourages attempts at revision. A poor outcome leaves at least some parties dissatisfied enough to wish to alter the agreement within a short time horizon. In such an agreement, some participants "lose" on the recognition of their most important interests, and are not adequa-

tely compensated ("paid off") for the loss. Some participants concede more than their "fair share", because **any** agreement (for them) is more important than no agreement at all; their bargaining partners take advantage of this. Revision is desired by some because the agreement is imbalanced. Agreement may have created an environment that might be better than the **status quo ante** (no agreement), but not adequate enough for some participants not to desire improvements. Some individuals "win" more than others, which leaves the community divided as to the quality of the agreement.

But how do we determine whether an agreement is "wise" or "unwise"? No theory can prescribe set criteria to evaluate a negotiated outcome, because the flexibility involved in bargaining intrinsically affects its outcome. Therefore, **any negotiated outcome is best evaluated in terms of the values pursued by the participants while bargaining.** Negotiations themselves set the parameters for evaluating their outcome.

However, we need general guidelines to produce useful evaluations. Just as we used characteristics universal to the negotiation **process**, so we will use characteristics universal to evaluating its **outcome**. These are few and simple: efficiency, the effect on the participants' relationship, and justice.

The degree of **efficiency** in a negotiated outcome depends on the degree of waste, expense, or unnecessary effort imposed on the parties to the agreement.⁴ By extension, an **efficient agreement** must address and resolve the problems presented by the negotiation (and its outcome), and share out the costs and benefits evenly. For example, we have seen that the third enlargement posed **problems** with regard to Mediterranean agriculture. We may evaluate the efficiency of the Treaty of Accession in terms of how the Mediterranean problem was addressed

or resolved. This includes assessing the revised terms of the **Mediterranean acquis** (which affected the outcome of enlargement) as well as the terms of the Treaty of Accession. Such an examination yields who (if any) the "winners" and the "losers" on that issue were, and what measures (if any) were used to compensate the losers. **Asymmetrical agreements** are inefficient because they imply excessive costs or efforts to only some participants. An example is the Treaty of Accession's provisions for fresh fruits and vegetables -- part of the **Mediterranean acquis**.

Secondly, we must examine the manner in which the outcome affects or is likely to affect the **relationship of its participants**. A "good" agreement improves, or at least does not damage, the relationship of those participating in it.⁵ This addresses three facets of the notion of **interests**. Firstly, a "good" agreement recognizes, or addresses, the **legitimate interests of individual participants**. If legitimate individual interests are not adequately addressed, they become the basis of dissatisfaction and attempts at revision. This was the case, for example, with the terms of British accession into the EEC. Secondly, a "good" agreement **resolves conflicting interests fairly**. All negotiation involves a degree of conflict -- otherwise there would be no reason to bargain. However, as with the first point above, if conflicting interests are resolved in a one-sided fashion, the "losers" are likely to be dissatisfied and seek revision at their earliest opportunity. Finally, a good agreement must take account of the interests of the entire group party to it: **community interests**. An agreement is a new "collective good" from which all members of the collectivity should benefit. If this is not the case, the agreement which makes some applicants "more equal than others" will create divisions which undermine it, and pressures to revise it.

The final notion, **justice** is also encompassed by our discussion of the relationship between the participants. This concerns their **perceptions of the agreement's fairness**.⁶ If all participants perceive the agreement to be consistent and fair, to be devoid of bias, or (if biased) with adequate compensation for losses, it will be just. The agreement will be desired by all, not simply at the time of its conclusion, but afterward, during its implementation. Again, if it is too biased in favour of one or a few parties, the "losers" will seek redress at their earliest opportunity.

It is obvious why participants agree to just outcomes. Why do "losers" agree to unjust outcomes? Two factors account for this situation; both are relevant to the third enlargement. Firstly, a "loser" **may agree to an outcome if any agreement is preferable to no agreement at all**. In such circumstances, any agreement is by definition more important to the "loser" (the weak party) than to the "winner". It implies that either the loser does not have an alternative to no agreement (BATNA or "fallback"), or that the alternative is worse than a bad agreement.⁷ It further implies that the "winner" (the strong party) is willing to take advantage of the "loser" despite the negative impact (and implications) on the quality of the outcome. This was the case for Portugal, and to a lesser extent Spain. Secondly, a "loser" **may countenance an unfair agreement if, by doing so, s/he creates a future opportunity for redress**. We could call this **delayed gratification**.⁸ This is certainly applicable to Spain in the third enlargement. Even an unfair agreement placed Spain within the decision-making locus of the EEC; doing so guaranteed Spain an impact on future decisions, and the ability to seek redress if necessary. By guaranteeing itself a voice, Spain could affect its relationship (after transition) with the EEC. Membership of the EEC was the only means of achieving this.

2. THE SPANISH AND PORTUGUESE NEGOTIATIONS EVALUATED

The process typology applied throughout this thesis will be used in this section to evaluate the success or failure of the applicants' efforts during the third enlargement negotiations. During the **pre-negotiation phase**, we are mainly concerned with the applicants' motivations for coming to the bargaining table. As shown in **Chapter 1**, motivation affects negotiating postures. Our examination of the **formula phase** is aimed at the applicants' articulation of interests and negotiating behaviour. Spain and Portugal's bargaining behaviour during the formula phase had a definite impact on the outcome. The **detail phase** is crucial to understanding the process as a whole, as it is the point at which Spain and Portugal had to make decisions about compromising their interests for the sake of agreement. The **outcome** of the enlargement negotiations, defined in the Treaty of Accession, indicates who "won" and who "lost" the accession negotiations, and why. The applicants' efforts affected, but did not dictate, the terms of the Treaty of Accession.

A. The Pre-Negotiation Phase

As noted in **Chapter 1**, governments do not decide to enter into negotiations unless they perceive that a bargain will yield them positive benefits.⁹ Spanish negotiators perceived two potential benefits: economic and political/psychological.¹⁰ Of the two, the economic benefits of joining the EEC outweighed the other in pragmatic importance. Spanish economic interests were well defined from the start. However, Spain's desire to "return" to Europe after Franco's demise, and her political leaders' desire to end their political isolation is a psychological intangible.¹¹ Spain did not require external props to bol-

ster her young democracy; but her leaders desired **political and economic recognition**. Throughout the pre-negotiation phase, Spanish diplomats and political leaders sought to be treated as equal partners in all discussions. Their recognition that they could never be "equal" as outsiders -- that **"equality"** only came with entry -- provided the last motivating force to bargain. In opening accession negotiations with the EEC, the Spanish thus thought that their bid for recognition would at last be addressed. They were wrong.

Portugal also perceived political and economic benefits of accession.¹² However, while Spanish economic interests were well defined even during the pre-negotiation phase, Portuguese economic interests were not. This reflected Portugal's lack of developed social administration, and later the chaos created by the demise of dictatorship, revolution, and unstable governments.¹³ Successive governments' inability to make basic economic policy precluded defining its economic interests in any but vague, simplistic terms. Portuguese negotiators were aware that they had little economic "choice" in their European option; but they failed to manipulate their position effectively.¹⁴ Its weakness in defining concrete interests made **political motivations perforce outweigh the economic**.¹⁵ Portuguese leaders relied on the EEC to provide plans for economic reconstruction and development. They sought to use these plans as a basis for domestic policy-making. Moreover, they used the fragility of their young democracy -- and the dysfunction of their own political system -- as a further justification for entry, **which the EEC could not deny**. Portuguese leaders recognized their position as **demandeurs**, and played the "young democracy card" particularly effectively. However, their own comparative insignificance led them to believe that negotiating terms for entry would be a relatively simple, short process. They were wrong.

Spain and Portugal approached their accession negotiations with different motivations, but the same optimism -- even naivete -- about the bargaining process ahead of them. Neither took sufficient account of the Community's automatic defensiveness when negotiating any agreement which threatened to change its internal workings. Portuguese optimism may be understood; Spanish optimism is less easily defended. Spanish diplomats watched the first enlargement negotiations closely, and should have been aware of the impact a sizeable, dynamic economy would have had on the Community's attitudes. Perhaps the reason for Spanish optimism can be found in the desire for political recognition: having achieved a peaceful transition to democracy, they were slow to comprehend other obstacles to their inclusion in the Community.

B. The Formula Phase

During the formula phase, participants establish and agree basic "principles of justice" or "referents" which provide the framework to which specific details of agreement are attached.¹⁶ The formula phase displayed great tension between the participants about the **type of justice norm** to be applied (impartial, compensatory or partial), and the **type of formula** to be followed (inductive/piecemeal or deductive/general principles).¹⁷ The detail phase could not commence until these tensions were resolved, and their resolution largely depended on the EEC's willingness to proceed with its internal negotiation/decision-making. This accounts for the long duration of the formula phase of the third enlargement negotiations.

During this phase, Spanish negotiators advocated the norm of **impartial justice**, and a **deductive/principled negotiating formula**.¹⁸ They did this for three reasons. Firstly, by advocating impartial

justice in the negotiations, they were able to insist both on recognition of their legitimate interests and on equal treatment. Secondly, Spanish negotiators were aware of Spain's potential effect on an enlarged Community; they based their insistence that Spanish interests be represented in Community reform talks on this. In fact, the Spanish enlargement negotiations sparked off major EEC negotiation/decision-making cycles for reform, but the Community refused Spain's request.¹⁹ Thirdly, this method of negotiation marked out Spain's more assertive negotiating style.²⁰ For example, the Spanish team refused to forward substantive agriculture proposals unless and until the EEC was prepared to do the same (insistence on equality). This approach may have led to some delay in closing discussions, because by 1983 very little substantive work had been done on the agriculture chapter — the parties remained at impasse.

However, the EEC's inability or refusal to negotiate seriously before 1983 prevented agreement on either norms or formula. The delay occurred despite Spanish attempts to move proceedings forward. For example, the Spanish concession on introducing VAT from the date of accession was clearly oriented at gaining a "counter concession". None was forthcoming. The Spanish team also attempted to embarrass the Community's prevarication by publicizing it in the European press. Finally, under the Gonzalez Administration, Spanish negotiators attempted to link accession to the NATO issue. These last two tactics were more successful. However, when one examines it, Spain emphatically "lost" regarding the justice norm and the formula to be used in negotiations. The Council stubbornly opted (despite Commission protests) for piecemeal negotiations based on partial justice. Spain was offered this or "no deal". The Spanish team opted to negotiate, because they concluded that once inside the Community, they could re-

dress any excessive bias.

In contrast, the Portuguese team opted for a **piecemeal** approach based on **compensatory** justice, because of its weak decision-making system and economy.²² In decision-making terms, Portugal's dilemma was similar to that of the Council's.²³ Both parties were caught in a decisional impasse which made them more **reactive** to problems than **initiators** of solutions. Portugal did not even have any concretely defined interests to defend until late 1983. However, Portugal's extensive weaknesses and lack of preparation forced the Community to respond positively. The Community realized, late in the formula phase, that Portugal was not unwilling to negotiate seriously or initiate solutions — her leaders were simply unable to do so. This negative power, which Zartman calls the "**power of weakness**" or the "**power of simple incapacity**" forced the EEC to opt for a reconstructive exercise in joint economic planning.²⁴ Portugal, with its unstable coalition governments, erratic political and economic leadership, and high negotiating team turnover, was hardly in a position to refuse what the Community offered, when it offered its reconstructive proposals in 1983.²⁵

However, by extension, Portugal's weakness prevented it from utilizing any threats effectively, as Spain did, to break the bargaining logjam. While weakness forced the Community to behave charitably, it did not enable the swift conclusion of discussions. Throughout the negotiations, Portugal remained at the end of the bargaining queue — after reforms, and discussions with Spain. The passivity and ineffectiveness of her negotiating team, until 1983, encouraged the EEC to discount the Portuguese accession negotiations, much to Portuguese frustration. Portugal may have "won" on the justice norm and formula, but only because it suited the Community, not because of a battle won.

This is amply demonstrated in the outcome, which shows the Community's cant toward partial justice on the fruit and vegetables regime, more to protect itself than to aid Portugal.

The conduct of the latter stages of the formula phase provides some clues as to the outcome of the negotiations. The resolution of the issue of which principles of justice to use, and which formula to use fairly dictated the type of details which would emerge in the last phase. When the Community "won" on the principle of **partial justice** against Spain, it "won" the battle about a "global equilibrium" of detail in the Treaty of Accession. When Spain gave in to the Community, it acknowledged the weak bargaining position its dynamic economy had yielded, and it acknowledged that there could be no hope of negotiating on the basis of equality. Portugal's acceptance of the EEC's reconstructive proposals in agriculture marked its acceptance of the extent of the Community's charity. In all this, ^{the} Community remained in control of the agenda, and in control of the outcome. The applicants had simply to decide whether to continue or discontinue discussions. As the alternative (no deal) was worse than any deal at all, Spain and Portugal chose to stay in.

C. The Detail Phase

As shown in Chapters 2, 6 and 7, by the time the detail phase of accession negotiations came about, all sides were committed to a single form of agreement. Unlike other lengthy negotiations, which often have several "turning points of seriousness" before the detail phase begins, the first real "turning point of seriousness" (the **Mediterranean acquis** of October 1983) was quickly followed by the onset of detailed discussions in important chapters. By that time, the acceptance

of the Community's terms of negotiation left the applicants without room for manoeuvre. By insisting on partial justice and a piecemeal formula, the Community secured the right to offer terms on a "take-it-or-leave-it" basis. Details were a *fait accompli*, rather than the result of convergence.²⁶ It is no surprise that the detail phase saw the collapse of Spain's negotiating strategy. Portugal's negotiating strategy (formed during 1983) was not unduly affected.

This exercise of negative power did not bode well for a balanced, fair agreement, particularly in the Spanish case.²⁷ The Community could only offer the applicants an agreement on its own terms. It could not, because of its internal workings and the positional play of its Members, offer meaningful concessions or convergence.²⁸ However, we should remember that the Community could not realistically threaten no agreement. In the event of no agreement, the EEC's own political credibility and viability would have been greatly damaged, far more than that of the applicants.²⁹ These considerations did spur the Council to continue the negotiations, but failed to unblock the "hold out" positional attitudes of France, Greece and Italy. Hence "convergence" on an asymmetrical basis.³⁰ With few exceptions, on controversial issues Spain and Portugal made the concessions and did the converging, not the Community.

However, despite winning "control" of the negotiations, the Community was unable to reach agreement on some of the controversies which had held up discussions in the first place. Examples of this are on issues such as access to funds, olive oil, and wine. On these issues, particularly with regard to Spain, the Community was forced to sweep issues under the carpet for the sake of concluding discussions. Hence numerous Treaty articles for things "to be decided later".

D. The Outcome

It is clear from Tables 1 and 2 of Chapter 8 that the outcome of negotiations, as expressed in the terms of the Treaty of Accession differed for Spain and Portugal. Portuguese terms favoured Portugal more than Spanish terms favoured Spain. The Community's motives (protection from Spain, protection of Portugal) obviously dictated the terms of the Treaty. The Community's motives, in turn, demonstrate the level of threat it perceived from the two applicants. Portugal, because of its weakness and small size, was insignificant. Spain, because of its larger size, dynamism and production potential, was a threat. The Community dictated the terms accordingly.

It is therefore not surprising that Spain "lost" to some extent, on most issues in the agriculture chapter. Spain's principled negotiating approach and aggressive tactics failed to soften the Community's defensiveness, nor did it change the outcome of positional struggles. The EEC barely addressed Spain's plea for "global equilibrium" within each chapter, or within the entire Treaty itself. Spain "lost" on important issues, (such as fruit and vegetables, fortified wines) without compensation. Spain occasionally "won" on minor issues (such as pigmeat) -- but the victories hardly compensated the losses. For Spain, then, the outcome was neither efficient nor just. Whether it damages EEC-Spanish relations remains to be seen, but the terms of transition are not encouraging in this respect. Spanish leaders may, as the British did before them, seek redress at their earliest opportunity. This could involve seeking a "renegotiation" of terms, or seek reforms which would affect the terms of transition. We must conclude that Spain's negotiating positions and strategy did not have a decisive effect on terms of accession. This should be qualified: Spanish positions certainly did not dictate their terms, but may have

prevented a worse outcome.

Portugal, in contrast, "won" on all issues important to it. While they could not affect the outcome of the Community's most intense positional struggles, Portuguese negotiators managed to gain rather favourable terms on all issues of importance, except fresh fruits and vegetables. In some issues such as sugar quotas, and processed tomatoes, Portugal gained more than expected. Thus, the Portuguese outcome can be considered efficient, just, and an improvement of the Luso-EEC relationship. Can we attribute Portugal's better outcome to a more effective negotiating strategy? The account rendered in Chapter 7 does not indicate an organized or effective strategy until 1983. By that time, the reconstructive aspects of Portuguese accession were already provisionally settled. Why then did Portugal "win"? It must be concluded here that the efficacy of Portuguese bargaining positions and strategy is less at issue than the Community's own sense of "noblesse oblige" toward a very weak demandeur partner who had few options other than Community membership. Remember that Portugal had virtually no bargaining "platform" (positions), and no realistic tactical linkages to make. Thus, the Portuguese outcome depended more on the Community's sense of charity, and its low perception of threat, than on bargaining. It is possible that more effective manipulation of their weak position would have yielded more in terms of the Community's reconstructive efforts in Portugal.

This discussion shows that the outcome of the third enlargement negotiations, expressed in the terms of the Treaty of Accession, was not balanced. If imbalanced, it could not be just. If unjust, it created a division interests between the "winners" and "losers" party to it. If it created a division of interests, the quality of the future relationship of its participants must also be under question.

The applicants may have agreed for the sake of agreement, or in order to place themselves at last within the locus of EEC decision-making, but there is room for improvement in the terms of accession. This is particularly the case for Spain.

3. CONCLUDING REMARKS: ON SINGLE STATE-COLLECTIVE ENTITY NEGOTIATIONS

The preceding discussion highlights the difficulties of single state-collective entity negotiations. Given the parallel negotiating process in which collective entities of sovereign states engage, it is difficult to see how "principled" negotiation leading to a "good" outcome can occur. The collective entity remains trapped within its own internal processes, which emphasize positional struggles rather than fair solutions to common problems. Positional struggles by definition advocate the **partial justice** norm. Positional struggles, when combined with the veto power of any sovereign state in negotiation, force the collective entity to bow to the members who "hold out" in their positions at the expense of the collectivity. This drastically limits the collective entity's ability to create solutions or to respond promptly to initiatives made by its bargaining partner. The collective entity ends up discriminating against its negotiating partner if coming to the bargaining table presages any internal changes. Collective entities are slow, reactive, introspective, defensive and conservative in negotiations. They dictate the negotiating process. By extension, they make bad negotiating partners.

The single state faced with a collective entity (such as the EEC) as a bargaining partner faces fundamental difficulties. The single state has few choices in such circumstances. Its representatives can-

not engage in traditional "face-to-face" bargaining, because they deal with a hydra (in negotiating terms). Until the many heads of the hydra agree on a position, the single state must wait. If the single state seeks to set the pace of negotiations (as Spain did), it will meet resistance, unless the collective entity is willing and able to accommodate it. If the single state wishes its legitimate interests to be recognized by the collective entity, it must use threats (such as the NATO issue or withdrawal from discussions) to focus attention. Otherwise, a single state's legitimate interests will only be recognized by the collective entity if they do not threaten or encourage positional struggles. Hence the recognition of Portuguese interests, and the concomitant non-recognition of Spain's.

Single state-collective entity negotiation is a hybrid. It is asymmetrical negotiation by definition. It can only go at the (slow) pace of the collective entity. The treatment of the single state depends on its strength or weakness, which determines the attitudes of the collective entity. The attitudes of the collective entity in turn define the terms of agreement. The collective entity, not the single state, defines the terms of agreement, unless credible threats are used to alter them. Few single states -- apart from, say Japan or the United States of America -- are able to present credible threats to the European Economic Community. States such as Japan and the United States must bring their global economic (or other) influence to bear on the EEC. They can force discussion of an agenda that they set as single states. But they cannot always force the Community to back down. This is particularly the case with regard to agricultural issues. Thus, the outcome of negotiation with smaller states is most likely to be inefficient, biased, and unjust. Such an outcome encourages division, attempts at revision, and acrimony -- or at least tensions

-- between the "winners" and "losers" of the agreement.

However, if any agreement is better than none at all, what choice does the single state have? The answer of course is none. The best the single state can hope for is the ability to revise an agreement after it has been concluded. This is particularly the case in enlargement negotiations with the EEC. The very weak state depends on charity. Thus, the Greek and Portuguese enlargement negotiations appear to have more in common (in negotiation and outcome) than the Spanish and Portuguese. The stronger state must defend itself against a bad outcome, and seek redress (if necessary) later. The discriminatory Spanish terms of accession, and the conflicts and tensions of the negotiations, are reminiscent of Britain. Thus, unless the obstacles created by the collective entity's parallel negotiating process can be overcome, single states cannot expect principled negotiation, no matter the quality of their efforts. It is not possible to negotiate effectively with a collective entity of sovereign states. The smaller single state can only hope to redress its dissatisfaction in later battles -- in reforms.

FOOTNOTES

CHAPTER ONE

THE THIRD ENLARGEMENT OF THE EEC: GENERAL CONSIDERATIONS

- 1 The only reference to a "third enlargement" in the literature is in D. Buysse, The Guide to Enlargement: Analysis and Directions for use of the Accession Treaty of Spain and Portugal to the European Communities, (Brussels, 1985), p. 19.
- 2 See Section 1.2.
- 3 Discussion in Chapter 5.2.
- 4 L. Tsoukalis, The European Community and its Mediterranean Enlargement (London, 1981), pp. 198-201, 222.
- 5 See OECD Economic Surveys for Greece, Portugal, Spain; L. Tsoukalis, op cit, pp. 203, 208. 211.
- 6 F. Nicholson, R. East, From the Six to the Twelve: The Enlargement of the European Communities, (London, 1987), p. 188; L. Tsoukalis, op cit, p. 135; Bulletin of the European Communities, Supplement 2/76, "Opinion on the Greek Application for Membership".
- 7 L. Tsoukalis, op cit, pp. 214-22; J. Donges, The Second Enlargement of the EC: Adjustment Requirements and Challenges for Policy Reform, (Tubingen, 1982), pp. 143-44.
- 8 See Chapters 5 to 7, below; and inter alia, L. Tsoukalis, (1981) op cit, pp. 218-32; N. A. Koefed, "Prospects for EEC agriculture, pp. 2, 4, in M. Tracey, I. Hodac (eds) Prospects for Agriculture in the European Economic Community, (Bruges, 1979); K. Esser et al, The European Community and Acceding Countries of Southern Europe, (Berlin, 1979), pp. 3-9, 17-21; P. Preston, D. Smyth, Spain, the EEC and NATO, (London, 1984), p. 83; L. Tsoukalis in L. Tsoukalis (ed) Greece and the EEC, (Westmead, 1979), p. 157; F. Duchene, "Community Attitudes", pp. 27-28 and C. Ritson, "Impact on Agriculture" pp. 92-93, in D. Seers, C. Vaitzos, The Second Enlargement of the EEC: The Integration of Unequal Partners, (London, 1982); W. Wallace, I. Herreman (eds), From Nine to Twelve? The Impact of Further Enlargement on the European Communities, (Bruges, 1978).
- 9 Greece lodged its application on 12 June 1975, and signed its treaty of accession on 28 May 1979.

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- 10 Spain applied on 28 July 1977, and signed the treaty of accession on 12 June 1985; Portugal applied on 28 March 1977, and signed the treaty of accession on 12 June 1985.
- 11 For example, the study by the Ministerio da Agricultura, Comercio e Pescas, Gabinete de Planeamento, A Agricultura Portuguesa e a Adesao a CEE: A PAC, o Alargamento e a Agricultura Portuguesa: Impacto sobre a Producao e o Consumo Balanco Financeiro, (Lisboa, 1983). Although Negocios is not an "in-house" journal, it did enlist professional economists and former government officers to write on the enlargement, for example in Negocios nos. 5 and 6, January and February 1981.
- 12 R. Baily, The European Connection: Implications of EEC Membership, (Oxford, 1983); D. Buysse, The Accession of Spain and Portugal to the European Community, (Brussels, 1984a); J. Donges, op cit; J. A. Fralon, D. Buysse, Enlargement, A Sectoral Breakdown, (Brussels, 1979); K. Esser et al, op cit; J. W. Schneider (ed), From Nine to Twelve: Europe's Destiny?, (Alphen ann den Rijn, 1980); D. Seers et al (eds), Underdeveloped Europe: Studies in Core-Periphery Relations, (Atlantic Highlands, 1979); D. Seers, C. Vaitsos (eds) op cit; L. Tsoukalis, op cit; W. Wallace, I. Herreman (eds), op cit; I. R. Bowler, Agriculture under the Common Agricultural Policy: A Geography, (Manchester, 1985); C. Deubner, "Problems of Community Enlargement: The Accession of Greece, Portugal and Spain", in W. J. Feld, Western Europe's Global Reach, (Oxford, 1980).
- 13 For example, D. Buysse, (1979) op cit, and (1980a) op cit.
- 14 See inter alia, Agra Europe, The Agricultural Implications of Enlargement -- Part II: Portugal, (London, 1980a); Agra Europe, The agricultural Implications of Enlargement -- Part III: Spain, (London, 1980b); L. Tsouklais, op cit; D. Buysse, J. A. Fralon, op cit; K. Esser et al, op cit; J. Rushworth (ed), Spain, Portugal and the European Community, (Oxford, 1978); J. L. Sampedro, J. A. Payno (eds), The Enlargement of the European Community: Case Studies of Greece, Portugal and Spain, (London, 1983); D. Seers, C. Vaitsos, op cit; P. Preston, D. Smyth, op cit; L. Hinton, EEC Enlargement in the Fruit and Vegetable Sector with Special Reference to Spain and the United Kingdom, (Cambridge, 1983).
- 15 C. Ritson, op cit, pp. 92-93; J. Marsh, "The Impact on the CAP", p. 183, in W. Wallace, I. Herreman (eds), op cit.
- 16 For example, J. Fontana, "Economic Development of the Mediterranean in Historical Perspective", pp. 41-56, in J. L. Sampedro, J. A. Payno (eds), op cit.
- 17 Financial Times Conference Organization, Portugal: A New Outlook, (Lisbon, 1982); J. A. Girao (ed), Southern Europe and the Enlargement of the EEC, (Lisbon, 1982); J. Rushworth (ed), op cit; W. Wallace, I. Herreman (eds), op cit.
- 18 Agra Europe, (1980a), (1980b) op cit; A. Camilleri, La Agricultura

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- Espanola ante la CEE, (Madrid, 1984); L. Benelbas, Notas de Política Agraria, (Barcelona, 1983).
- 19 For example, C. Tio, "El capitulo Agricola en las negociaciones de adhesion de Espana en la CEE", Boletin de Informacion Extranjera, (mayo/agosto, 1984), pp. 59-74.
- 20 P. Alvares, C. Roma Fernandes, Portugal e o Mercado Comum (2 vols), (Lisboa, 1980a, 1980b).
- 21 See Chapter 4.
- 22 See Chapter 4.1.B; also Ministerio da Agricultura, Comercio e Pescas, A Agricultura Portuguesa e a Adesao a CEE... (1983) op cit, p. 1.
- 23 Ibid; and Presidencia do Conselho de Ministros, Secretariado de Estado da Integracao Europeia, "Negociacoes de Adesao as Comunidades Europeias", (Lisboa, junho 1980), Section C; Ministerio das Financas e do Plano, Secretariado para a Integracao Europeia, Negotiation Objectives Document (untitled), (Lisboa, maio 1983); Ministerio das Financas e do Plano, Secretariado para a Integracao Europeia, Summary Negotiation Document (untitled), (Lisboa, outubro 1984).
- 24 Summary negotiating Document, (outubro 1984) op cit; Presidencia do Conselho de Ministros, (junho 1980) op cit; Interviews; Ministerio de Agricultura, Comercio e Pescas, Plano de Mudanca Agraria, (Lisboa, 1983); A. Alonso, (1985) op cit; discussions in the Boletin de Informacion Extranjera, op cit; and in the Revista de Instituciones Europeas.
- 25 See Chapter 3.1.B, 3.1.C.
- 26 A. Alonso, op cit; also E. Gonzalez Sanchez, in the following issues of Revista de Instituciones Europeas, "Nota sobre la constitucion y actuaciones del equipo espanol negociador con las Comunidades Europeas" vo. 5, no. 3, (sept-dic 1978); "La adhesion de Espana a las Comunidades: estado actual de las negociaciones", vol. 7, no. 3, (sept-dic 1980); "Las negociaciones para la adhesion de Espana a las Comunidades Europeas: septiembre 1980-diciembre 1981", vol 9, no. 1 (enero-abr, 1982); "Espana-CEE: las negociaciones de adhesion a lo largo de 1982", vol. 10, no. 1 (enero-abr. 1983); "Las negociaciones para adhesion de Espana a las Comunidades Europeas: enero 1983-Mayo 1984", vol. 11, no. 2, (mayo-agsto, 1984). P. Ordaz, "As negociacoes de Portugal com as Comunidades Europeias", Negocios, no. 5, jan. 1981; O. Cruz, "A negociacao como acto planeado", Negocios, no. 6, fev/mar. 1981; A. Correia, "A caminho da Europa: a adesao e a agricultura Portuguesa", Negocios, no. 6, fev/mar 1981. Also, the conference contributions of David Goodchild, Antonio Fournier, Pedro Ordaz, Jose Augusto Santos Varela, and Carlos Diaz Eimil recorded in Negocios, no. 5, Jan. 1981; and those of Jose Angel Moreno Isquierdo, Manuel Scharfhausen Munoz, Aniceto Moreno Moreno, continued in Negocios, no.

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- 6, fev/mar 1981. See also Financial Times Conference Organization, op cit; J. A. Girao (ed), op cit; Summary Negotiation Document, (outubre 1984), op cit.
- 27 See Chapter 4, Introduction, 4.1.
- 28 See discussion in Chapter 2.
- 29 See Chapter 6.2.B.
- 30 F. Moran, Una Politica Exterior Para Espana, (Barcelona, 1980), pp. 289-348, esp. 289; P. Preston, D. Smyth, op cit, pp. 15-17, 24-30, esp. 25-29; J. Medeiros Ferreira, "International Ramifications of the Portuguese Revolution", p. 292-94, P. de Pitta e Cunha, "Portugal and the EEC", pp. 322-23, 334-35 in L. S. Graham, D. L. Wheeler (eds), In Search of Modern Portugal: The Revolution and its Consequences, (Madison, 1983); B. Kohler, Political Forces in Spain, Greece and Portugal, (London, 1982), pp. 60, 169; R. Robinson, Portugal: A History, (London, 1979), pp. 1-2, 9-12, 21-24, 31, 83; L. Tsoukalis, op cit, pp. 21-27; J. Larraz, La Integracion Europea y Espana, (Madrid, 1961), passim; L. Calvo-Sotelo, "Raisons et Perspectives de l'optione Europeenne de l'Espagne", pp. 39-41, 44, W. Wallace, I. Herreman (eds), op cit; G. Minet, "Spain and European Diplomacy at a Crossroads", in G. Minet et al, The Mediterranean Challenge VI: Spain, Greece and Community Politics, (Sussex, 1981), pp. 4-5; R. Eisfeld, "Portugal and Western Europe", pp. 29-62, in K. Maxwell (ed), Portugal in the 1980s: Dilemmas of Democratic Consolidation, ('New York, 1986).
- 31 V. Alba, Transition in Spain, (New Brunswick, 1978), p. 12; R. Robinson, op cit, Chapters 1, 2; M. Onkenhout, Spain and the European Communities: A Question of Politics (1957-1980), (MPhil), (Oxford, 1980), p. 120.
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- 33 F. Fernandez Gomez Reino interview, Madrid, September 1983; F. Moran, loc cit.
- 34 J. A. Sequeira Freire, "Portugal and the EC: Past, Present and Future, pp. 7, 14, R. Harvey, "Political Changes in the Iberian Peninsula", p. 8, in J. Rushworth, op cit; R. Robinson, op cit, Chapters 2, 3.
- 35 Portugal and Great Britain's treaty relationship began in 1373. For the last two to three centuries, it institutionalized British economic domination of the Portuguese economy. R. Robinson, op cit, pp. 83-85.
- 36 L. Tsoukalis, op cit, pp. 106-27, 145-61; B. Kohler, op cit, pp. 1-2, 29-53; 187-88, 191-92; C. Deubner (1980) op cit p. 48; V. Constancio, "Le Portugal face a la Communaute Europeenne", pp. 32,

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- 34, in W. Wallace, I. Herreman, (eds), op cit; R. Harvey, op cit, p. 8; J. A. de Sequeira Freire, op cit, p. 14; P. Preston, D. Smyth, op cit, pp. 67-68; F. Duchene, op cit, p. 25; F. Moran, op cit, pp. 22-23; C. Deubner, "The Southern Enlargement of the European Community: Opportunities and Dilemmas from a West German point of View", pp. 229-45, Journal of Common Market Studies, vol. 18, no. 3, (Mar. 1980b); Mr. Anthony Morris, DG for Information, EEC Commission, Brussels, statement on "young democracies" made in a seminar, 18 March 1985.
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- 38 See Chapter 3.1.
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- 40 W. C. Opello, Portugal's Political Development: A Comparative Approach, (London, 1985), Chapter 7; T. Bruneau, A. MacLeod, Politics in Contemporary Portugal: Parties and the Consolidation of Democracy, (Boulder, 1986), pp. 122-23; J. M. Moura Loueiro de Miranda, "L'impact de l'adhesion sur les institutions et le droit des pays candidats: Portugal", in W. Wallace, I. Herreman (eds) op cit; Prime Minister Pinto Balsemao's opening address, p. 44, in Financial Times Conference Organization, op cit.
- 41 R. Robinson, op cit, pp. 32-34. In essence **sebastianismo** is the tendency to place exaggeratedly high hopes in changes as "solutions" to difficulties; these "solutions" "appear" without any work or active participation on the Portuguese part; see also B. Futscher Pereira, "Portugal and Spain", p. 64, F. Pinto Balsemao, "The Constitution and Politics", pp. 208, 221, 230, and D. Smith, "The Cruellest Month" pp. 17-26, all in K. Maxwell (ed), op cit.
- 42 I.e., Mr. Anthony Morris, seminar cited.
- 43 According to F. Moran, op cit, p. 328, in 1977, Spanish agricultural exports to the EEC reached 44.26% of total exports to that area. By 1979, the estimated exports went up to 48%. Portuguese exports to the Community were at similar levels. See also, A. da Silva Ferreira, "The Economics of Enlargement: Trade Effects on the Applicant Countries" pp. 120-42, Journal of Common Market Studies, vol. 17, no. 2, (Dec. 1978); C. Deubner, Journal of Common Market Studies, vol. 18, no. 3, (March 1980b).
- 44 See Chapters 6.1, 7.1.
- 45 Vasco Cal, "The Industrial Sector", pp. 170-72, 168-69, L. C. Croissier, "The Industrial Sector", pp. 224-41, passim, in J. L. Sampedro, J. A. Payno eds; L. Tsoukalis, op cit, Chapter 4; J. Donges, op cit, passim; K. Esser et al, op cit, passim. Spanish trade with the Community leaped after accession, lending credence to this argument, International Herald Tribune, 17 May 1988.
- 46 R. Carr, J. P. Fusi Aizpurua, Spain, Dictatorship to Democracy, (London, 1978), pp. 57, 66-70; T. Gallagher, op cit, p. 157, notes that by the 1970s Paris was Portugal's second largest city outside
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Lisbon. L. Tsoukalis, op cit, pp. 52-53 on "safety valve"; A. Trigo de Abreu, "Portuguese Agriculture and the EEC", p. 37, in J. Rushworth (ed), op cit; P. de Pitta e Cunha, op cit, p. 328.

- 47 OECD Economic Surveys, various years.
- 48 R. Harvey, op cit, p. 8; V. Constancio, op cit, p. 34; A. J. de Sequeira Freire, op cit, pp. 15-16; J. Donges, op cit, pp. 27-31; P. de Pitta e Cunha, op cit, p. 323.
- 49 See **Chapter 4**.
- 50 J. Donges et al, op cit, pp. 1-3; C. Tio interview, Madrid, September 1983; S. Fernandez Gomez Reino interview, Madrid September 1983.
- 51 Observations from this section are taken from TD G. Fitzgerald, "A Community of Twelve? The Opportunities and Risks of Enlargement", pp. 22-23, 30-33, in W. Wallace, I. Herreman, (eds) op cit; V. Constancio, op cit, pp. 32-33; L. Tsoukalis, op cit, pp. 53-54, 77, 99-100, 121-27, 136-43, 145-61, 198-99, 243; J. Donges et al, op cit, pp. 127-28; D. Seers, "The Second Enlargement in Historical Perspective", pp. 6-7, 10, in D. Seers, C. Vaitos, op cit; P. Preston, D. Smyth, op cit, pp. 1-2, 4-5, 10-15, 66-69, 73-75, 78-80; J. A. Payno, "The Second Enlargement from the Perspective of the New Members", pp. 24-31, in J. L. Sampedro, J. A. Payno (eds), op cit; A. J. de Sequeira Freire, op cit, pp. 14-18-19; J. J. Rodriguez Alcaide, "Spanish Agriculture and the Common Market", pp. 28-29, and A. Oliart Saussol, "The Problems of Spanish industry on Spain's entry into the EEC", p. 21, in J. Rushworth (ed), op cit; J. Medeiros Ferreira, op cit, p. 293; C. Ritson, loc cit; C. Deubner, (1980b), op cit, passim; G. Minet, op cit, pp. 70-73; F. Duchene, op cit, pp. 25-26, 29, 31-33, 37-40.
- 52 See **Chapters 3, 6**.
- 53 See **Chapters 4,7**.
- 54 See **Chapters 5, 6, 7**.
- 55 F. Moran, op cit, p. 290.
- 56 See **Chapter 3**.
- 57 For example, interviews, J. Silva Carvalho, Gabinete do Planeamento, Ministerio de Agricultura, Comercio e Pesca, Lisbon, and Antonio Castro Freire, Comissao para a Integracao Europeia, Lisbon, both in December, 1984.
- 58 See Footnote 51 above for full references.
- 59 C. Deubner, (1980b) op cit, passim.
- 60 See P. Bonazza's article "Europe: Maggie toujours plus", in *L'Express*, 30 March, 1984.

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- 61 For example, TD, G. FitzGerald, loc cit.
- 62 However, the SEA does not affect the agriculture sector. See Chapter 5.1.
- 63 D. Seers, op cit, pp. 6-7; Chapter 5.
- 64 See Chapters 6.3, 7.3.

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CHAPTER TWO

THEORETICAL AND CONCEPTUAL CONSIDERATIONS

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- 2 I. W. Zartman, The Politics of Trade Negotiations between Africa and the European Economic Community: The Weak Confront the Strong, (Princeton, New Jersey, 1971), pp. 200-202; I. W. Zartman, "The Analysis of Negotiation", pp. 20-25, in I. W. Zartman (ed.), The 50% Solution: How to Bargain Successfully with Hijackers, Strikers, Bosses, Oil Magnates, Arabs, Russians, and other Worthy Opponents in This Modern World (London, 1976), pp. 20-25; H. J. Morgenthau, Politics Among Nations (5th edn), (New York, 1978), pp. 146-49, Chapters 31, 32; F. C. Ikle, How Nations Negotiate (New York, 1964), passim; R. Aron, Paix et Guerre entre les Nations (Paris, 1962) Chapter 3; I. W. Zartman, "Negotiation as a Joint Decision-Making Process", in I. W. Zartman (ed), The Negotiation Process: Theories and Applications (Beverly Hills, 1978), p. 73; I. W. Zartman, "The Analysis of Negotiation", (1976) op cit, pp. 26-27.
- 3 I. e., T. C. Schelling's contributions in O. R. Young (ed)., Bargaining: Formal Theories of Negotiation, (Urbana, 1975).
- 4 I.e., indifference curves, Pareto Optimality, etc. I. W. Zartman (1978) op cit, p. 72; also I. W. Zartman, (1976) op cit, pp. 27-30.
- 5 I. W. Zartman (1978) op cit pp. 71-72; I. W. Zartman, (1976) op cit, pp. 27-30.
- 6 I. W. Zartman, (1978) op cit, pp. 74-76.
- 7 I. W. Zartman (1975), op cit, pp. 69-71.
- 8 O.R. Young, Preface, in O. R. Young (ed.), (1975), op cit, p. v.
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- 9 F. C. Ikle, *op cit*, mentions the complexity of multilateral negotiations only once (p. 60). I. W. Zartman and M. R. Berman, The Practical Negotiator, (Princeton, 1982), mention it fourteen times, of which three references were more than in passing (pp. 130, 137, 210). See also a reference in U. Kitzinger, Diplomacy and Persuasion: How Britain Joined the Common Market, (London, 1973), pp. 78-79.
- 10 The term "negotiation/decision-making" is discussed in **Chapter 5.1.C**; also D. Buysse, The Guide to Enlargement: Analysis and Directions for the Use of the Accession Treaty of Spain and Portugal to the European Communities, (Brussels, 1985); and U. Kitzinger, (1973) *loc cit*.
- 11 See I. W. Zartman (1978), *op cit*; I. W. Zartman, M. Berman, *op cit*, I. W. Zartman, "The Analysis of Negotiation", in I. W. Zartman (1976), *op cit*, pp. 1-42; R. Fisher, W. Ury, Getting to Yes: Negotiating Agreement without Giving In, (London, 1982).
- 12 I. W. Zartman (1978) *op cit*, pp. 70-71.
- 13 *Ibid*, pp. 82-83.
- 14 I. W. Zartman, M. Berman, *op cit*, p. 9, and Chapter 3.
- 15 I. W. Zartman, (1978) *op cit*, pp. 76-86; I. W. Zartman (1975) *op cit*, pp. 74-76; I. W. Zartman, M. Berman, *op cit*, Chapter 4; R. Fisher, W. Ury, Chapters 1-6.
- 16 I. W. Zartman (1978) *op cit*, pp. 76-86; I. W. Zartman (1975) *op cit*, pp. 74-76; I. W. Zartman, M. Berman, *op cit*, Chapter 5; R. Fisher, W. Ury, *op cit*, Chapters 1-6.
- 17 F. C. Ikle, *op cit*; U. Kitzinger, (1973) *op cit*; Niccolo Machiavelli, The Prince (Arlington Heights, 1947) trans. Thomas G. Bergen; Fortune-Barthelemy de Felice, "Negotiations, or the Art of Negotiating", in I. W. Zartman (ed), (1976) *op cit*, pp. 47-65; M. de Callieres, On the Manner of Negotiating with Princes; on the Uses of Diplomacy; the Choice of Ministers and Envoys; and the Personal Qualities necessary for Success in Missions Abroad, (trans. A. F. White), (Notre Dame, Indiana, 1963).
- 18 For definitions, the Concise Oxford English Dictionary has been used.
- 19 F. de Felice, *op cit*; N. Machiavelli, *op cit*; F. C. Ikle, *op cit*.
- 20 F. de Felice, *op cit*, p. 49 and *passim*; N. Machiavelli, *op cit*, for example in Chapters XVI, XVII, XVIII, XIX.
- 21 F. de Felice, *op cit*, p. 56.
- 22 H. J. Morgenthau, *op cit*, chapter 31.
- 23 For a comprehensive discussion including major references, J. E. Dougherty, R. L. Pfaltzgraff, Contending Theories of International
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Relations (2nd edn), (New York, 1981), pp. 8-12, 84-133.

- 24 R. Aron, *op cit*, Chapters I, XV, XVI, XIX, XX, XXII, note finale.
- 25 C. F. Ikle, *op cit*, *passim*.
- 26 *Ibid*, pp. 106-11.
- 27 As Zartman (1971), *op cit*, notes, even Morgenthau, Aron and Ikle cannot go further than this.
- 28 The observations in this section are taken from various works, *inter alia*: I. W. Zartman, (1975), *op cit*; I. W. Zartman, (1978) *op cit*; I. W. Zartman, "The Political Analysis of Negotiation: Who Gets What and When", in World Politics, vol. 2, no. 3, (April 1974); pp. A. Rapoport, Strategy and Conscience (New York, 1969); T. C. Schelling, The Strategy of Conflict (Cambridge, 1960); T. C. Schelling, "What is Game Theory?", pp. 212-38, and M. Shubik, "The Uses of Game Theory", pp. 239-72, in J. C. Charlesworth, ed, Contemporary Political Analysis, (London, 1967). Several original articles on the subject were reprinted in O. R. Young (ed.), Bargaining: Formal Theories of Negotiation, *op cit*, *inter alia*: D. Ellsberg, "The Theory of the Reluctant Duelist", pp. 38-52; J.F. Nash, "The Bargaining Problem", pp. 53-60; J. F. Nash, "Two-Person Cooperative Games", pp. 61-73; J. C. Harsanyi, "Bargaining and Conflict Situations in the Light of a New Approach to Game Theory", pp. 74-84; and R. L. Bishop, "Game-Theoretic Analyses to Bargaining", pp. 85- 128. W. Riker, The Theory of Political Coalitions (New Haven, 1962); J. E. Dougherty, R. L. Pfaltzgraff, Jr., *op cit*, Chapter 12; O. R. Young, Compliance and Public Authority: A Theory with International Applications (Baltimore, 1979); M. Leiserson, "Game Theory and the Study of Coalition Behaviour", pp. 255-72, E. W. Kelly, "Bargaining in Coalition Situations", pp. 273-96, E. W. Kelly, "Theory and the Study of Coalition Behaviour", pp. 481-89, all in S. Groennings, E. W. Kelly, M. Leiserson, The Study of Coalition Behaviour: Theoretical Perspectives and Cases from Four Continents (London, 1970).
- 29 O. R. Young, "Strategic Interaction and Bargaining", in O. R. Young (ed) *op cit*, p. 7.
- 30 *Ibid*, *op cit* pp. 3-19.
- 31 Young notes eight alternatives for players facing strategic interaction. *Ibid*, pp. 15-18.
- 32 I. W. Zartman (1971) *op cit*, pp. 202-206; I. W. Zartman (1976) *op cit*, p. 73; I. W. Zartman (1978) *op cit*, pp. 7-18, 26. A. Rapoport, (1969) *op cit*; T. C. Schelling, (1960), *op cit*.
- 33 T. C. Schelling, (1960), *op cit*, Chapter 2, "An Essay on Bargaining", esp. pp. 17-18; A. Rapoport, *op cit*, *passim*.
- 34 Two much used game theoretic situations involving strategic interaction are "chicken" and "prisoner's dilemma". They are often useful for decision-making in specific conditions: for example they

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may enable a decision as to whether to negotiate, not how. Zartman (1978) op cit, p. 73. A central problem in these situations is trust because of the lack of knowledge involved. These two games are often applied to war and arms control negotiations between the USA and the USSR.

- 35 O. R. Young (ed), (1975) op cit, pp. 15-18; J. Harsanyi, op cit.
- 36 J. Harsanyi, op cit, passim.
- 37 I. W. Zartman (1978) op cit, p. 73.
- 38 Observations based on: I. W. Zartman (1974) op cit passim; I. W. Zartman (1978) op cit passim, esp. 72-3; Original articles reprinted in O. R. Young (ed) op cit: F. Zeuthen, "Economic Warfare" pp. 145-63, J. Pen, "A General Theory of Bargaining", pp. 164-82, R. L. Bishop, "A Zeuthen-Hicks Theory of Bargaining", pp. 183-90, J. G. Cross, "A theory of the Bargaining Process", pp. 191-218, A. Coddington, "A Theory of the Bargaining Process: Comment" pp. 219-27, J. G. Cross, "A Theory of the Bargaining Process: Reply", pp. 227-30; J. Sawyer, H. Guetzkow, "Bargaining and Negotiation in International Relations" in H. Kelman (ed), International Behaviour: A Social-Psychological Analysis (London, 1966), esp. pp. 476-77; J. G. Cross, "Negotiation as a Learning Process", pp. 29-54, in I. W. Zartman (ed), (1978) op cit.
- 39 O. R. Young, Introduction op cit, p. 133.
- 40 Bilateral monopoly "refers to any situation involving a single seller and a single buyer who must either agree on specific terms of exchange between themselves or fail to exchange their goods at all." O. R. Young, Introduction, in O. R. Young (ed) op cit, p. 131.
- 41 The expectation functions (utility or "payoff" functions) are assumed to be stable (i.e., defined algebraically to produce a line or curve on a graph). Non-linear payoff functions are not ruled out, but are not considered either. Ibid, pp. 132-5.
- 42 Ibid, p. 133.
- 43 I. W. Zartman, (1974) op cit, p. 387 .
- 44 Observations based on the following: I. W. Zartman, (1971) op cit, pp. 206-210; I. W. Zartman (1975) op cit, pp. 72-76; I. W. Zartman (1976) op cit, pp. 27-30; I. W. Zartman (1978) op cit, pp. 71-72; J. Sawyer, H. Guetzkow, op cit; R. Jervis, The Logic of Images in International Relations, (Princeton, 1970); R. Jervis, Perception and Misperception in International Politics, (Princeton, 1976); J. Steinbruner, The Cybernetic Theory of Decision: New Dimensions of Political Analysis (Princeton, 1974); D. Druckman, Human Factors in International Negotiations: Social-Psychological Aspects of International Conflict, monograph, (Beverly Hills, 1973); M. J. Shapiro, G. M. Bonham, "Cognitive Process and Foreign Policy Decision-Making", International Studies Quarterly, vol. 17, no. 2, (June 1973), pp. 147-74; B. I. Spector, "Negotiation as a Psycho-

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logical Process", in I. W. Zartman (ed) (1978) op cit, pp. 55-66; S. Bacharach, E. J. Lawler, Power Politics in Organizations: The Social Psychology of Conflict, Coalitions and Bargaining, (San Francisco, 1980); W. F. Stone, The Psychology of Politics (London, 1974); G. Allison, The Essence of Decision: Explaining the Cuban Missile Crisis (Boston, 1971); J. M. Chertkoff, "Sociopsychological Theories and Research on Coalition Formation", in S. Groenings et al (eds.) op cit, pp. 297-322; J. A. Robinson, R. Moujik, "The Theory of Decision-Making" pp. 175-88, and J. N. Rosenau, "The Premises and Promises of Decision-Making Analysis" pp. 189-211, both in J. C. Charlesworth (ed) op cit; J. E. Dougherty, R. L. Pfaltzgraff, Jr. op cit, Chapter 11; H. Nicholson, Negotiation, (3rd edn) (Oxford, 1969).

- 45 H. Nicolson, op cit.
- 46 B. I. Spector, op cit, pp. 55-58.
- 47 R. Jervis, (1970), (1976), op cit.
- 48 For an example of a cognitive map, see M. J. Shapiro, G. M. Bonham, op cit, p. 162.
- 49 J. Steinbruner, op cit, Chapter 4.
- 50 Ibid, pp. 8-9, 11, 14-15, 25.
- 51 I. W. Zartman, 1974, op cit, pp. 76-77.
- 52 J. Steinbruner, op cit. For example, he uses analogies *inter alia* of army ants (pp. 81-82), the cat and the fire (pp. 53-54), the honey bee (pp. 48-49), the slot machine (p. 113), the steam engine (pp. 151-53), and a tennis game (pp. 49-50).
- 53 I. W. Zartman, (1975) op cit, p. 76.
- 54 Observations in this section are based on the following sources: J. G. Cross, op cit, in I. W. Zartman (ed.) (1978) op cit, pp. 29-54; O. J. Bartos, "Simple Model of Negotiation: A Sociological Point of View", in I. W. Zartman (ed) (1978) op cit, pp. 13-28; O. J. Bartos, Process and Outcome of Negotiations, (London, 1974); S. Siegel, L. E. Fouraker, Bargaining and Group Decision-Making (London, 1960).
- 55 S. Siegel, L. E. Fouraker, op cit; J. G. Cross (1960), (1978) op cit.
- 56 For a short, succinct discussion of Homans' theory and its application to bargaining, see O. J. Bartos (1978), op cit, *passim*, esp. pp. 14-15; also Bartos (1974) op cit.
- 57 Although Bartos notes that tension in negotiations occurs because of the inherent tensions between the competitive individualism (of negotiators) and the cooperative collectivism of the outcome for which they negotiate: "If you will, the negotiators cooperate (by being fair) only if and to the extent to which they must; if they

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feel that they can get away with it, they will be ruthlessly competitive and try to take advantage of the opponent as much as possible." (1978), op cit, p. 20.

58 Ibid, pp. 18-20.

59 Ibid, pp. 20-22.

60 I. W. Zartman, (1971) op cit, and Chapters 5-8 of this thesis.

61 I. W. Zartman, (1978) op cit, p. 74.

62 Ibid, pp. 75-77.

63 Ibid, pp. 76-77.

64 Ibid, pp. 84-86. See also R. Fisher, W. Ury, (1982) op cit, p. 4. for criteria for judging the effectiveness of negotiations (wisdom, efficiency, improvement/undamaging of relationship, meets legitimate interests, resolves conflicts fairly, takes account of community interests).

65 I. W. Zartman, M. Berman, op cit, pp. 45-66.

66 Ibid, pp. 46-47.

67 I. W. Zartman, M. Berman, op cit, pp. 47-48.

68 Ibid, p. 50.

69 Discussed in Chapters 1, 6, 7.

70 Because of the European Parliament's 1962 Birkelback Report.

71 I. W. Zartman, M. Berman, op cit, p. 57.

72 A. Alonso, Espana en el Mercado Comun: Del Acuerdo del 70 a la Comunidad de Doce, (Madrid, 1985); also Chapters 4, 5, 6.3, passim.

73 I. W. Zartman, M. Berman, op cit, p. 62.

74 See Chapters 6.1, 7.1.

75 See Chapter 1.3.iii.

76 I. W. Zartman, M. Berman, op cit, p. 64.

77 Ibid; also Chapters 6.1, 7.1.

78 J. Cravinho, op cit, p. 135; A. Alonso, op cit, Chapter 5; P. Alvares, C. Roma Fernandes, Portugal e o Mercado Comum (2 vols) (Lisboa, 1980a, 1980b), vol. 1(1980b), pp. 187-216, 227-234, 253-264; vol. 2 (1980a), pp. 119-133, 185-89.

79 I. W. Zartman, M. Berman, op cit, pp. 66, 70.

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- 80 Ibid, p. 67 (emphasis added).
- 81 A. Alonso, op cit, pp. 23-26; F. Nicholson, R. East, From the Six to the Twelve: The Enlargement of the European Communities, (Harlow), 1987, pp. 214, 240.
- 82 See Chapters 6.2 and 7.2.
- 83 I. W. Zartman, M. Berman, op cit, pp. 68-69.
- 84 Ibid.
- 85 See Chapters 3.1.C.i, 6.2.D, 6.2.E, 6.3.
- 86 I. W. Zartman, M. Berman, op cit, p. 69.
- 87 Ibid, pp. 70-74; R. Fisher, W. Ury, op cit, pp. 59-83.
- 88 Ibid.
- 89 Interview, S. Fernandez Gomez Reino, Madrid, September 1983; also Chapter 6.
- 90 T. Schelling, op cit, Chapter 2; F. C. Ikle, op cit, pp. ; R. Fisher, W. Ury, op cit, Chapter 6; I. W. Zartman, M. Berman, op cit, pp. 74-78.
- 91 I. W. Zartman, (1975) op cit, p. 71; R. Fisher, W. Ury, op cit, Chapter 3, esp. pp. 41-58.
- 92 I. W. Zartman, M. Berman, op cit, p. 89.
- 93 R. Fisher, W. Ury, op cit, p. 21.
- 94 See Chapter 5
- 95 See Chapters 3, 6.
- 96 Zartman and Berman identify five types of justice: (a) **substantive** (partial), "since each side chooses the particular criterion that supports its own side";(b) **procedural** (impartial), "the numerical justice of equality, split the difference, share and share alike"; (c) **equitable** "referring to the apportionment of shares on the basis of each party's particular characteristics. This is the justice of power, the right of might, or other endowments."; (d) **compensatory**, "stipulates that the weakest deserve the most"; (e) **subtractive** "since it finds its rationale in removing possession from all parties". op cit, pp. 103-6.
- 97 This is common in EEC Membership and Association Agreements. See I. W. Zartman (1971) op cit; I. W. Zartman, M. Berman, op cit, p. 104.
- 98 R. Fisher, W. Ury, op cit, Chapter 6; I. W. Zartman, M. Berman, op cit, pp. 122-23.

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- 99 I. W. Zartman, M. Berman, op cit, pp. 124, 127-28; Chapter 8.
- 100 See for instance, newspaper accounts in *Le Monde*, *Financial Times*, *Times*, *Daily Telegraph* of the PIM in February 1983, and February-March 1985.
- 101 I. W. Zartman (1975) op cit, p. 75.
- 102 See for example, *The Independent*, 31 March 1988.
- 103 D. Buysse, The Guide to Enlargement: Analysis and Directions for the Use of the Accession Treaty of Spain and Portugal to the European Communities, (Brussels, 1985), pp. 11-15.

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CHAPTER THREE

THE SPANISH CASE

- 1 See Chapters 4.1, 7.
- 2 See Chapters 4, 5, 7.
- 3 The Spanish Constitution (English edn), (Madrid, 1979); E. H. Fry, G. A. Raymond, et al, The Other Western Europe: A Political Analysis of the Smaller Democracies, (2nd edn), (Santa Barbara, 1983), pp. 40-42.
- 4 P. J. Donaghy, M. T. Newton, Spain: A Guide to Political and Economic Institutions, (Cambridge, 1987), pp. 63-97.
- 5 Although A. Martin Valverde argues otherwise, his conclusions interpret Articles 40.1, 45.3, 48, 51, 52, 128.2, 130.1, and 131.1, quite loosely. See "Sistema economico y agricultura en la constitucion espanola", Agricultura y Sociedad, vol. 21, (oct-dic 1981), pp. 25, 30-31, 33, 57-59.
- 6 See for example, J. M. Bayona, Juan Carlos I, (Barcelona, 1976), pp. 241, 331, 333, 344; Chapter 6.1.C.
- 7 Article 62.a, b, c, g.
- 8 Article 63, 64.1.
- 9 Article 75.1, 75.2, 75.3.
- 10 For example, A. Alonso, Espana en el Mercado Comun: del Acuerdo del 70 a la Comunidad de Doce, (Madrid, 1985), only discusses the
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parliamentary debate on "objetivos minimos", the and the ratification debates in the Congreso de los Diputados (27 March 1985 and 17 June 1985) and the Senado (17 July 1985).

- 11 Spanish Constitution, Article 76.1
- 12 Ibid.
- 13 This is particularly important with regard to the agriculture chapter of the negotiations, because producers and workers in the sector are poorly organised and their interests reflect regional disparities. Had there not been a clause forbidding debate of international relations, we might have expected more political representation of their interests.
- 14 Spanish Constitution, Article 93.1a, d, e, 93.2.
- 15 Ibid, Article 98.1, 98.2, 98.3.
- 16 For example, during his 1976 state visit to France, and during President Giscard d'Estaing's 1980 visit to Madrid. See **Chapter 6.1.C, 6.2.D, 6.2.E.**
- 17 P. J. Donaghy, M. T. Newton, loc cit.
- 18 J. Almodia, Franco's Political Legacy: From Dictatorship to Facade Democracy, (London, 1977), p. 72.
- 19 **Cambio 16**, editorial, "Que Espana funcione", November 1987.
- 20 CAT: Comisaria General de Abastacimiento y Transportes; SENPA: Servicio de Productos Agrarios.
- 21 A. Wright, The Spanish Economy 1959-76, (London, 1977), p. 14.
- 22 L. V. Barcelo Vila argues that SENPA and CAT have outlived their usefulness, "El principio economico de mercado y la politica de mercados agrarios en Espana", Agricultura y Sociedad, vol. 21 (oct-dic 1981), pp. 68, 81; F. Conde Cruz, "El FORPPA ante la integracion", pp. 176-77, 5 **Dias**, Espana ante la CEE, (Madrid, 1980); A. Wright, op cit, pp. 8-23; Agra Europe, The Agricultural Implications of Enlargement: Part III: Spain, (London, 1980b), pp. 92-99; A. Camilleri et al, La Agricultura Espanola ante la CEE, (Madrid, 1984); D. Buysse, The Accession of Spain and Portugal to the European Community, (Brussels, 1984a), pp. 160-252 passim; C. Tio, La Politica de Aceites Comestibles en la Espana del Siglo XX, (Madrid, 1982); R. Carr, J. P. Fusi Aizpurua, Spain: From Dictatorship to Democracy, (London, 1978); V. Alba, Transition in Spain, (New Brunswick, 1978), pp. 222-224. L. Benelbas, Notas de Politica Agraria, (Barcelona, 1983).
- 23 Interview, Sr. Jaenicke, Commission of the European Communities, Madrid, September 1985.
- 24 A. Camilleri et al, op cit; L. Benelbas, op cit; M. Bueno Gomez, "La Reforma de las Estructuras Agrarias", pp. 116-126, A. Cercos, (381)

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"La Politica Agraria en la Decada de los Sesenta", pp. 302-312, J. L. Posada, "La Politica Agraria durante la Transicion Democratica", pp. 313-21, J. M. Sumpsi, "La Politica Agraria 1968-1982", all in Papeles de Economia Espanola, vol. 16, (1983).

- 25 The **Ley de Fincas Manifestamente Mejorables** of 1979 (Law on Manifestly Improvable Estates) is designed to increase the use of lands officially judged to be under-utilized. The **Ley Especial de Tierras Ociosas** of 1979 (Special Law on Idle Lands) is designed to increase the effectiveness of the former by bringing idle lands onto the market with a minimum of state intervention. The **Ley de Reforma y Desarrollo Agrario** of 1980 (Law of Agricultural Reform and Development) is the basic reform and structural development law guiding assistance to agriculture in these areas. It is designed to strengthen the 1979 laws, and to encourage less direct state intervention. IRYDA executes these and other development and reform laws. Agra Europe (1980b), op cit, pp. 83-84. On their effectiveness, see **Cambio 16**, 29 June 1980.
- 26 The Camaras Agrarias were created by the 1977 Royal Decree on Free Association.
- 27 J. J. Rodriguez, "Las Organizaciones Profesionales Agrarias", pp. 286-94, Papeles de Economia Espanola, vol. 16, 1983.
- 28 Interviews, Vicente Bernaldez, representative of the socialist union FTT (Federacion de Trabajadores de la Tierra), Madrid, September 1983; Jesus Maroto de las Heras, diplomat in the agricultural section of La Trinidad, Madrid, September 1983; Paul Williams, First Secretary, British Embassy, Madrid, September 1985. The lack of success in these organizations made the Gonzalez Administration move to abandon them, **Financial Times**, 4 November 1987.
- 29 The debate over their aims, right of existence and effectiveness was carried out between 1978-1981 in **Sabado Grafico** and **Cambio 16**. Also, C. Romero, De la ley de cooperativas al reglamento de sociedades de 1978: un analisis critico", Agricultura y Sociedad, vol. 18, (enr-feb, 1981), passim; also Vicente Bernladez interview.
- 30 E. Gonzalez Sanchez, "Nota sobre la constitucion y actuaciones del equipo espanol negociador con las Comunidades Europeas", Revista de Instituciones Europeas, vol. 5, no. 3, (sept-dic 1978), p. 786.
- 31 Interviews, Santiago Fernandez Gomez Reino, (Director General del Gabinete del Secretariado de Estado para las Relaciones con las Comunidades Europeas), Madrid, September 1983; also with Vicente Bernaldez Jesus Maroto de las Heras; **Financial Times**, 4 November 1987.
- 32 5 Dias, (1980) op cit, "Agricultura: por que nos temen?", pp. 175-200; J. J. Rodriguez, loc cit; D. Buysse, (1984a), p.
- 33 **Financial Times**, 4 Nov. 1987; Interview, David White, **Financial Times Correspondent**, Madrid, October, 1985.

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- 34 La Trinidad was created on 10 February 1978, A. Alonso, op cit, p. 131; see also, Real Decreto 1558/77 (4 July); Real Decreto 629/1983 (16 February); Real Decreto 1267/1983 (May); Interviews, Santiago Fernandez Gomez Reino, Madrid, September 1983; Joaquin Balsalobre, Director General, Gabinete Tecnico, Relaciones Bilaterales con Grecia y Portugal (Cuenca Mediterranea), Ministerio de Asuntos Exteriores, Madrid, October 1983.
- 35 Real Decreto 1267/1983 activated the Coordinating Council. E. Gonzalez Sanchez, "Las negociaciones de adhesion de Espana a las Comunidades Europeas -- enero 1983-marzo 1984", p. 483, Revista de Instituciones Europeas, vol. 11, no. 2, (may-ago, 1984).
- 36 C. Romero, op cit; 5 Dias, (1980), loc cit; J. J. Rodriguez, loc cit.
- 37 G. Minet, "Spain and European Diplomacy at a Crossroads", p. 67, in G. Minet et al, The Mediterranean Challenge VI: Spain, Greece and Community Politics, (Sussex, 1981); C. F. Ikle, How Nations Negotiate, (New York, 1964), p. 91.
- 38 R. McKinlay, R. Little, Global Problems and World Order, (London, 1987), pp. 74-78; F. C. Ikle, op cit, pp. 104-06, pp. 111-113; I. W. Zartman, M. Berman, The Practical Negotiator, (London, 1982), Chapters 2, 5.
- 39 F. Moran, Una Politica Exterior Para Espana, (Barcelona, 1980); P. Preston, D. Smyth, Spain, the EEC and NATO, (London, 1984).
- 40 This mirrored similar attempts at revising the 1970 Agreement. See Chapter 6.1.
- 41 Foreign Minister Moran was expressly against NATO membership, and differed from his Prime Minister over the issue. It is clear, however, from the statements made by Prime Minister Gonzalez on his first state visit to West Germany that he intended to "play the NATO card" to pressure the EEC countries (West Germany especially) to negotiate more flexibly with Spain. The West Germans appear to have heeded this. Sr. Moran was sacked soon after the Treaty of Accession was signed because of his anti-NATO stand.
- 42 D. Buysse, The Guide to Enlargement: Analysis and Directions for use of the Accession Treaty of Spain and Portugal to the European Communities, (Brussels, 1985), p. 15.
- 43 From the summer of 1983 the government explicitly argued this, especially in its "monographed" cabinet memo to the European Council of Ministers of 20 July 1983. See Financial Times, 22 February 1984; El Pais, various issues, June 1983; Cambio 16, 20 June 1983; Chapter 6.2.D, 6.2.E.
- 44 P. Preston, D. Smyth, op cit, pp. 17-23, 84-85.
- 45 Spain applied to enter NATO in 1980, but rushed negotiations through after the 23 February 1981 attempted coup.
- 46 See Chapter 6.2.

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- 47 This was especially true with regard to the **Mediterranean acquis**. Interviews, Santiago Fernandez Gomez Reino; Carlos Tio, Director General, Asuntos Tecnicos, Gabinete, Ministerio de Agricultura, Pesca y Alimentacion, Madrid, October 1983; see also **Chapter 6.2.D, 6.2.E**.
- 48 See **Chapter 6.1, 6.2**.
- 49 Note that policies geared toward modernizing Spanish agriculture and CAP harmonization are largely complementary: much of the harmonization process cannot take place unless and until the primary sector modernizes. The two sets of policies are thus intextricably intertwined.
- 50 See **Chapter 5.2**.
- 51 A. Wright, *op cit*, pp. 8-25; C. Anderson, pp. 223-24, 226-27, 230-31; *Agra Europe* (1980b).
- 52 R. Carr, J. P. Fusi Aizpurua, *op cit*; V. Alba, *op cit*.
- 53 *Ibid*, and, E. Baklanoff, *The Economic Tranformation of Spain and Portugal*, (London, 1978); L. Tsoukalis, *The European Community and its Mediterranean Enlargement*, (London, 1981); D. Buysse (1980a), *op cit*; *Agra Europe* (1980b), *op cit*; D. Seers, C. Vaitzos (eds), *The Second Enlargement of the EEC: Integration of Unequal Partners*, (London, 1982); M. P. Todaro, *Economic Development in the Third World*, (New York, 1977); B. Hill, *The Common Agricultural Policy: Past, Present and Future*, (London, 1984), Chapters 1, 2; S. Harris et al, *The Food and Farm Policies of the European Community*, (Chichester, 1983), pp. 1-10.
- 54 A. Cercos, *op cit*, p. 304, (translated).
- 55 *Ibid*, *passim*.
- 56 *Ibid*, p. 302 (translated).
- 57 *Agra Europe* (1980b), p. 81.
- 58 A. Cercos, *op cit*, *passim*.
- 59 A. Alonso, *op cit*, pp. 108-18.
- 60 L. Tsoukalis, *op cit*; C. Ritson, "The Impact on Agriculture", esp. 92-93, in D. Seers, C. Vaitzos, *op cit*; J. L. Sampedro, J. A. Payno (eds), *The Enlargement of the European Community: Case Studies of Greece, Portugal and Spain*, (London, 1983); German Development Institute, *European Community and Acceding Countries of Southern Europe*, (Berlin, 1979); J. Donges, *The Second Enlargement of the European Community: Adjustment Requirements and Challenges for Policy Reform*, (Tubinghen, 1982); A. Camilleri et al, *La Agricultura Espanola Ante la CEE*, (Madrid, 1984); *Agra Europe*, (1980b), *op cit*; D. Buysse, (1984a) *op cit*.

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- 61 J. Donges, op cit, pp. 27-31; A. Wright, op cit, p. 8; 5 Dias, (1980) op cit, p. 175.
- 62 5 Dias, (1980) loc cit.
- 63 Areas in which very small farms predominate are in Norte (avg. 4.8 HA), Galicia (3 HA), Canarias (3.4 HA); areas in which small farms predominate are Eastern Andalucia (9.7 HA), Nordeste (8.6 HA), Este (6.8 HA). D. Buysse, (1984a) op cit, p. 113.
- 64 Many minifundist farmers continue in full-time subsistence farming.
- 65 R. Carr, J. P. Fusi Aizpurua, op cit, pp. 70-72; Decree Law 3220/1970 established IRYDA; Decree Law 118/1973 approved the text of agrarian reform: see especially Title IV, Articles 15-18.
- 66 Weak marketing structures; lack of efficient production structures.
- 67 This was one reason why the Community never specified amounts to be committed to funding such things. See Chapter 8.
- 68 See Table 2, Appendix 3, for comparison.
- 69 I.e., 40% of UAA in the UK is taken by "large farms". Agra Europe, (1980b), op cit, p. 46.
- 70 Medium sized farms predominate in Centro (21.8 HA), Western Andalucia (20.5 HA), Extremadura (18.8 HA), Valle Ebro (15.8 HA). D. Buysse, (1984a) op cit, p. 113.
- 71 Interviews, Ignacio Perez Infante, Director General, Gabinete Tecnico, Ministerio de Trabajo y Seguridad Social, Madrid, September 1983; Carlos Tio, Madrid, September 1983.
- 72 These are: (a) quality of land: some agricultural lands in Spain, are of very poor quality, and neither fertilizer nor other inputs would raise their production potential more than a limited amount. Thus, in many areas, the usefulness of fertilizers is limited. (b) Some lands are in geographic areas in which large scale agriculture (essential to obtain economies of scale) is not useful: the land is too rocky, terraced in such a manner as to be impossible for employment of machinery, or the plots of land are too small: thus the ability to improve production through mechanization is limited. (c) The issue of climatic conditions is irrefutable: some areas of Spain suffer persistent drought cycles, low average rainfall and wide variations in temperature which lower production potential. (d) The idea that 4 M HA of land can be put under irrigation must be balanced against two factors: firstly the emphasis on private irrigation (limited investment potential in rural areas); secondly, urban competition for water resources, low indigenous water supply, low average rainfalls, etc.; thirdly, the availability of investment to implement modernization. Agra Europe (1980b) op cit, pp. 62, 89-91; D. Buysse, op cit, pp. 119-21; J.J. Rodriguez Alcaide, "Spanish Agriculture and the Common Market", pp.

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27-33 in J. Rushworth (ed) op cit; A. Camilleri et al, op cit, p. 185.

73 D. Buysse, (1984a), op cit, p. 197.

74 Agra Europe, (1980b), op cit, p. 48.

75 See **Figures 3 and 4** for regions and provinces.

76 This began to be discussed at the end of the **detail phase**. See **Chapter 6.3**.

77 The natural limitations have been discussed above. Regarding legal mechanisma, the Ministry banned irrigation of wine vines and olive trees some lyears ago, a measure designed to limit overproduction and to improve quality. Furthermore, all but quality varieties are banned from new vine planting. For olives, the Ministry seeks to concentrate production in the most productive areas, to encourage a viable sector as well as limit production. Many olive producing regions suffer from poor productivity and rural poverty; to alleviate depressed socio-economic conditions new tree plantings are strictly limited to the most productive areas. These measures could brake the production growth rate, even in a CAP regime which favours increased production. C. Tio, op cit, passim; Agra Europe, (1980b) op cit; D. Buysse, (1984a) op cit. It should also be noted that negotiation on the basis of forecasts is notoriously difficult, because of the implications of base assumptions crucial to the forcasts, which are difficult to agree upon, and the cyclical nature of olive production.

78 Examples are French attempts to protect income levels of their dairy and cereals farmers, and the strikingly inefficient and very expensive West German cereals production (mainly in southern Germany). **Financial Times**, 24 November 1987.

79 Compare to France, one of the EEC's most efficient cereals producers, Spanish productivity is only about 40%. The competition argument was used especially with regard to the high priced, short season products such as soft fruits. **Financial Times**, 4 November 1987.

80 D. Buysse, (1984b), p. 127.

81 A. Camilleri et al, op cit, p. 719.

82 For Example, COM456/80 only the beginning of attempts to curb wine production, after the Franco-Italian "wine wars".

83 D. Buysse, (1984a) op cit, p. 219.

84 See **Chapter 5.2**.

85 A. Camilleri et al, op cit, p. 79.

86 Ibid.

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- 87 See OECD Economic Surveys: Spain, from 1970 on.
- 88 Specifically they pointed out that: (a) state intervention prevented true price and market transparency; (b) state intervention did not prepare either producers or processors to react in the required manner when trading in the open market; (c) monopolistic state control of marketing did not encourage price formation on the basis of supply and demand; (d) monopoly marketing dampened private trade channel development, which would have to take over state instruments on accession. These were valid points about Spain, but the transparency argument also applies to the EEC. D. Buysse, (1984a) op cit, p. 127.
- 89 See **Section 1.B** of this chapter on Trade Unions and producer organizations.
- 90 I. E., Dutch (hothouse)tomato and cucumber producers.
- 91 The CAP's pre-enlargement intervention in the fruit and vegetable sectors covered about 2% of products grown; and expended about 5% of FEOGA guarantee funds. D. Buysse, (1984a) p. 164.
- 92 See **Chapters 5.3.B, 6.3.**
- 93 A major justification for the proposed oils and fats tax -- a poor, regressive compromise, but a "solution" in a politically sensitive sector.
- 94 COM(83)90 FINAL, **Communication** containing a revised analysis of the vegetable and olive oil market in the context of an enlargement of the Community to include Portugal and Spain, (Brussels, 1983); COM(83)90, Olive oil in an enlarged Community, (Brussels, 1983).
- 95 L. V. Barcelo Vila, loc cit.
- 96 Spain could escape political responsibility, blaming it on the exigencies of CAP harmonization.
- 97 I.E., the youth and weakness of Spanish producer organizations, and the retarded pace of reform.
- 98 See **Chapter 6.2, 6.3.**
- 99 See **Chapters 6.3.A, 6.3.B, 7.3.**
- 100 The **Mediterranean Acquis**, in October 1983. See **Chapter 6.2.E.**
- 101 For example, cabinet's the 20 July 1983 monographed Memorandum to the EEC. See **Chapter 6.2.D.**
- 102 France changed her position in 1983, after she became a net contributor to Community coffers. See **Chapter 1.3.B.**
- 103 Interviews, Santiago Fernandez Gomez Reino, at La Trinidad, confirmed this point, ad did Sr. Carlos Tio, Ministry of Agriculture. A. Camilleri, et al, op cit, p. 186 (trans).

CHAPTER FOUR

THE PORTUGUESE CASE

- 1 See for example T. Gallagher, Portugal: A Twentieth Century Interpretation, London, 1983, pp. 234-9. There were 9 governments, including caretaker governments between 1976 and 1985.
- 2 "Development" and "modernization" imply social, cultural and political adaptation, as well as economic. The Constitution was modern, but Portuguese society was not sufficiently modern to implement it at the time of its drafting. This is a common problem of democracy among less developed countries. See, *inter alia*, M. P. Todaro, Economic Development in the Third World: An Introduction to Problems and Policies in a Global Perspective, (New York, 1977); W. C. Opello, Jr, notes the need to adapt the political culture to democracy and life in the late twentieth century, "The Continuing impact of the Old Regime on Portuguese political culture", *passim*, in L. S. Graham, D. L. Wheeler (eds), In Search of Modern Portugal: The Revolution and its Consequences, (London, 1983).
- 3 According to an Autumn 1981 Eurobarometer survey, only 13% of Portuguese said they were "very interested" in EEC affairs; 31% said they supported European unification (with 65% "don't know"); 20% thought Portuguese membership of the EEC would be good for Portugal (60% don't know). And in terms of areas which they felt Portugal would be helped by EEC entray, there was an across-the-board response in favour in each item -- of interest to us are agriculture (28% in favour, 66% don't know), and democracy in Portugal (28% in favour, 64% don't know). Clearly this does not indicate a high level of interest or knowledge. Eurobarometer No. 16, Supplement (working document), "The Spanish and Portuguese and the Prospect of Accession to the European Community", 22 January, 1982; see also, Diario de Noticias, 25 December 1981, which noted that 67% of the population had no clear idea of what the EEC was. This apathy was a carry-over from the *ancien regime*. See D. Smith, "The Cruellest Month", pp. 17-26, F. Pinto Balsemao, "The Constitution and Politics", pp. 208, 221, 230-31, B. Futscher Pereira, "Portugal and Spain", p. 64, all in K. Maxwell (ed), Portugal in the 1980s: Dilemmas of Democratic Consolidation, (New York, 1987); M. Esteves Cardoso, "Misticismo e Ideologia no contexto cultural Portugues: a saudade, o sebastianismo, e o integralismo lusitano", pp. 1399-1408, in Analise Social, A Formacao de Portugal Contemporaneo: 1900-1980, (vol. I), (Lisboa, 1982); R. Robinson, Contemporary Portugal: A History, (London, 1979), pp. 32-34.
- 4 See Chapters 5 and 7.
- 5 Portugal is not the only example of this: Greece also displays a similar pattern of drafting and revising its constitution according to the party in power. The controversy regarding constit-

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tional reform centred on a) its socialist nature (party-political); and b) the power struggle between President and Assembly. W. C. Opello, Portugal's Political development: A Comparative Approach, (London 1985), Chapter 7. See also, T. Bruneau, A. MacLeod, Politics in Contemporary Portugal: Parties and the Consolidation of Democracy, Boulder, Colorado, 1986, pp 122-123; F. Pinto Balsemao, Opening Address, p. 44, in Financial Times, Portugal: A New Outlook, (Lisbon, 1982); D. Smith, op cit, pp. 17-18.

- 6 T. Bruneau, A. MacLeod, op cit, passim
- 7 R. Robinson, op cit.
- 8 Bruneau and MacLeod's book op cit, passim, is based on survey data collected over several years since the revolution. The Portuguese population consistently display the alienation mentioned, which limits public interest and awareness of political issues which then leaves politics for the politicians, who use it not to change or initiate constructive policies, but as sticks to beat one another in party political struggles. D. Smith, loc cit; F. Pinto Balsemao, (1982), (1987), loc cit.
- 9 For example, see Diario de Noticias during this period.
- 10 Interviews: Jose Paulo Silva Carvalho noted that some "social policies" amounted to "throwing money at policies" rather than reform. Gabinete do Planeamento, Ministerio da Agricultura, Comercio e Pesca, (Lisboa, December 1984); also Diana Smith, (Lisbon, December 1984); also D. Smith, op cit, pp. 18-19.
- 11 Ibid; also Ministerio da Agricultura, Comercio e Pescas, Plano de Mudanca da Agricultura, (Lisboa, 1982).
- 12 See Section 1.B, below.
- 13 See Chapter 7.1.
- 14 For a discussion on application of the 1976 Constitution to the Treaty of Rome, see J.M. Moura Loueiro de Miranda, "L'impact de l'adhesion sur les institutions et le droit des pays candidats: Portugal", and Victor Constancio, "Le Portugal face a la Communauté Europeene", both in W. Wallace, I. Herreman (eds), A Community of Twelve? The Impact of Further Enlargement of the European Communities, Bruges, 1978.
- 15 Portuguese Constitution (First Revision), 1982, Lisbon.
- 16 The reason given for the change was that socialist centralization did not work; but democratic decentralization did not fare any better.
- 17 F. Pinto Balsemao, (1982), op cit, p. 44, and (1987), loc cit.
- 18 See discussion in E. H. Fry et al, The Other Western Europe: A Political Analysis of the Smaller Democracies, (Santa Barbara,

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1983), pp. 43-47.

- 19 Salazar came to power as Finance Minister. T. Gallagher, op cit, p. 48-9.
- 20 This explains another facet of the lack of reform: the divorce between the Assembly and the Ministry of Agriculture on agrarian reform merely created more problems in policy-making and implementation. See Sections 2 and 3; also Chapter 7.
- 21 This was the same problem the EEC Council of Ministers had, shown in Chapter 5.
- 22 See Section 2.
- 23 *Diario de Noticias*, *O Expresso*, and *O Jornal* published numerous articles about the effects of contingent decision-making and the lack of reform. See also, *Tempo*, 25 August, 1988.
- 24 Portugal received 150M ECU in January 1981, and a further 100M ECU in July 1983, in a combination of grants and loans. F. Nicholson, R. East, op cit, p. 249. The government was unable to access the money until it provided a plan on how it would be spent; the Community eventually provided it in January 1984. (See Chapter 7.3).
- 25 *Time*, 23 December 1983; *Financial Times*, 24 April 1988.
- 26 F. Pinto Balsemao, (1987), op cit, p. 203.
- 27 Press conference given by Fernando Amaral, the Assembly's President, *Diario de Noticias*, 4 December 1984.
- 28 The only officially recognised agricultural pressure group, the Confederation of Portuguese Farmers, concerns itself with limiting the implications of land reform.
- 29 For example, the Chairman of the Confederation of Portuguese Industry (CIP) spoke out publicly against the government's handling of negotiations on 31 March 1982. Agriculture groups are not noted in the press regarding enlargement. F. Nicholson, R. East, op cit, p. p. 247; F. Pinto Balsemao, (1987) op cit, p. 214; R. Eisfeld, "Portugal and Europe", p. 50, in K. Maxwell, (ed), op cit.
- 30 See Figure 2, as an illustration of the relationship of Portuguese negotiators.
- 31 The various parts of the Ministry of Agriculture are also scattered all over Lisbon, often making communications and coordination difficult. Interview, Sr. Jose Paulo Silva Carvalho, Ministry of Agriculture, Lisbon, December 1984.
- 32 See interview with Jose Paulo Silva Carvalho. Mollie Iler, the Agriculture Counsellor of the US Embassy at the time, confirmed the trend in inadequate, or "inoperative" plans, interview, Lisbon, (December, 1984). The appointment of Antonio Barreto as Minister in the autumn of 1984 encouraged civil servants, journalists, and

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EEC Commission officials alike. They hoped it would stop the rot.

- 33 D. Smith, *op cit*, p. 18; this was hardly mentioned in the Portuguese press. It was also mentioned in various interviews (Lisbon, 1984).
- 34 Compare this discussion with Table 1 in Chapter 3.
- 35 T. Gallagher, Portugal: a XX Century Survey, (1983) p.140.
- 36 For example, the Plano de Mudanca da Agricultura, (1982) *op cit*.
- 37 *Ibid*, and Mollie Iler interview.
- 38 T. Gallagher, *op cit*, pp. 139-140.
- 39 Interviews: Diana Smith (cited); J. Vale de Almeida, Commission of the European Communities, Lisbon (December 1984).
- 40 For example, OECD Economic Survey: Portugal (1979) p. 29, and (1981) pp. 28-29; O Jornal, 24 agosto 1984, "Reforma Agraria: Inventario e Balanco".
- 41 Land reform is central to the efficient development of commercial agriculture in Portugal. However there are social and political problems involved in this. See, *inter alia*, A. Bandarra, N. Jazra, A Estrutura Agraria Portuguesa Transformada?, (Lisboa, 1976); M. Murteira, "The Present Economic Situation: Its Origins and Prospects, *passim*, and J. Firstenberg Riegelhaupt, "Peasants and Politics in Salazar's Portugal: The Corporate State in village 'non-politics'", *passim*, both in L. S. Graham, H. M. Makler (eds), Contemporary Portugal: The Revolution and its Antecedents, (London, 1979); M. Murteira, "Ruptura e Regulacao da Economia Portuguesa nos anos 70", pp. 1037-52, M. Silva, "Crescimento Economico e Pobreza em Portugal", pp. 1077-87, both in Analise Social, (1982) *op cit* A. Valadas de Lima, "Contribuicao para o estudo da mercantilizacao do sector agricola", pp. 479-86, A. Barreto, "O Estado e a Reforma Agraria: 1974-76", *passim*, M. J. Macedo, "As Ocupacoes e a Estrutura Agraria: Ensaio Estatistico", pp. 683-92, and A. Leeds, "Agricultura, politica nacional, subdesenvolvimento e emigracao em tres regioes de Portugal", pp. 1023-44, all in Analise Social, A Formacao de Portugal Contemporaneo 1900-1980, (vol. II), (Lisboa, 1983); A. Correia, "A Caminho de Europa: a adesao e a agricultura Portuguesa", Negocios, no. 6, fev/marco 1981; OECD, Review of Agriculture Policies, (Paris, various years); OECD, Economic Survey: Portugal, (Paris, various years); Tempo, "Reforma Agraria: esta chega para acender um rastilho", 25 August, 1988.
- 42 R. Eisfeld, *op cit*, p. 42.
- 43 For example major works mention Spanish but not Portuguese agricultural interest groups. See L. Tsoukalis, The European and its Mediterranean Enlargement, (London, 1981); A. Trigo de Abreu, "The Agricultural Sector", in J. L. Sampedro, J. A. Payno (eds), The Enlargement of the European Community: Case Studies of Greece, Portugal and Spain, (London, 1983); A. Trigo de Abreu, (1978) *op cit*; Agra Europe Special Report no. 5, The Agricultural Implica-
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tions of Enlargement: Part II: Portugal, (London, 1980a); D. Buysse, The Accession of Spain and Portugal to the European Community, (Brussels, 1984a); J. a. Fralon, D. Buysse, Enlargement: a Sectoral Breakdown, (Brussels, 1979).

- 44 Numerous accounts of the CAP's activities during the revolutionary period can be found in T. Gallagher, op cit, passim; Richard Robinson, Contemporary Portugal: A History, London, 1979, passim; Beate Kohler, Political Forces in Spain, Greece and Portugal, London, 1982. Lawrence S. Graham asserts that the CAP actually infiltrated the Ministry of Agriculture, but gave no evidence to substantiate this claim. See L.S. Graham, "Bureaucratic Politics and the Problem of Reform in the State Apparatus", pp. 223-50, esp. 230, in L. S. Graham, D. L. Wheeler (eds) (1983), op cit; A. Goncalvez Ferreira, Agricultura Portuguesa e a Adesao as Comunidades Europeias, (Lisboa, 1983), is the only document by the CAP on enlargement available in the Comissao's library at the end of 1984.
- 45 See Portugal: A New Outlook, op cit; T. Gallagher, op cit; R. Robinson, op cit; R. Eisfeld, op cit, pp. 41-42.
- 46 R. Eisfeld, p. 50
- 47 Manuel da Costa, "Uma reflexao necessaria", editorial, O Jornal, 28 April 1984; IFADAP was the first agricultural credit institution in Portugal. Its performance has been limited, and heavily critiqued. OECD, Economic Survey: Portugal, Paris, 1975, p.39; Financial Times, Special Report: "Portugal: Banking, Finance, Investment", 21 July, 1981, noted that only 5% of investment goes to the primary sector; Diario de Noticias, 12 July 1981, noted an IBRD estimate that agriculture's investment needs surpassed \$400M to address its difficulties sufficiently.
- 48 Hereafter referred to as the Comissao and the Secretariado.
- 49 Compare with Figure 2 in Chapter 3.
- 50 P. Ordaz, "As negociacoes de Portugal com a CEE", Negocios, jan 1981, pp. 14-16.
- 51 Ibid.
- 52 Ibid; also Chapter 7.2.A, 7.2.B.
- 53 Interviews, Joao Vale de Almeida, Diana Smith, cited.
- 54 P. Ordaz, op cit, p. 17.
- 55 Ibid, pp. 14-17; and Interview, Antonio Castro Freire, Comissao para a Integracao Europeia, Lisbon, December 1984.
- 56 Interview, Joao vale de Almeida, cited.
- 57 See Foreign Minister Salgueiro's remarks in Financial Times Conference Organization, op cit; also discussion with Tom Gallagher, Aberdeen, April 1987.

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- 58 See Chapter 7.
- 59 For background see B. Futscher Perreira, "Portugal and Spain", pp. 63-87, in K. Maxwell (ed) *op cit*; C. Deubner et al, Economic Relations between Spain and Portugal in a Twelve Nation European Community, (Brussels, 1984).
- 60 C. Deubner et al, *op cit*, pp. 17-18.
- 61 See Chapter 7.
- 62 This raised criticisms from his eventual successor, Prime Minister Cavaco Silva. *Time*, 23 December 1985; R. Robinson, *op cit*, pp. 32-34; F. Pinto Balsemao (1987) *op cit*; pp. 208, 221, 230; D. Smith *op cit*, pp. 17-26.
- 63 M. Soares, Portugal's Struggle for Liberty, (English trans), (London, 1975), pp. 10-11, 12, 290-91. Portuguese edition published 1972.
- 64 Especially in agriculture. L. Hinton, EEC Enlargement in the Fruit and Vegetable Sector with Special Reference to Spain and the United Kingdom, (Cambridge, 1983), p. 3.
- 65 See for instance, statements about Portugal and the accession made by the then Finance Minister, Victor Constancio in during a conference in Bruges in 1978 in W. Wallace, I. Herreman, *op cit*; and also the statements of then Prime Minister Pinto Balsemao, Finance Minister Joao Salgueiro, and former Finance Minister Anibal Cavaco Silva during a conference in Lisbon in 1982, in Financial Times Conference Organization, *op cit*.
- 66 Council of Ministers negotiating document, part C. June 1980.
- 67 Ibid *passim*: the document covers the chapter by sectors, describing what measures Portugal would have to take to align itself to the EEC.
- 68 See Section 2.
- 69 See especially various articles from the *Guardian*, *Financial Times* during the first six months of 1983. Also, "A Road to European Prosperity" and "Problems on the road to Farm Imports" in *Times*, Special Report: Portugal, 25 March 1985.
- 70 For example, in early December of 1984 the Socialist-led government experienced a crisis. Prime Minister Soares managed to patch the problem up until the conclusion of accession negotiations, immediately after which the government fell and new elections were called; in 1983 Balsemao's resignation crisis held up three international negotiations for weeks: with the EEC, with the IMF and with the USA on base agreements, as well as leaving Ministries without money to operate. J. Darnton, "Lisbon's crisis stalls base talks with the US", *International Herald Tribune*, 31 January, 1983.

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- 71 J. Cravinho, (1983) op cit, pp. 147-148.
- 72 See, for example, Dr. Karl-Heinz Sohn's remarks in Financial Times Conference Organization, op cit. Numerous OECD Economic surveys from the period also indicate (although in diplomatic terms) chagrin at the incapacity of the government to act.
- 73 J. Donges, The Second Enlargement of the EEC, Tubingen, 1982, p. 34. Gallagher, op cit, Robinson, op cit.
- 74 OECD, Economic Survey: Portugal, (Paris, 1974); T. Gallagher, op cit, p. 140; OECD, Agriculture Policy in Portugal, (Paris, 1975).
- 75 See M. P. Todaro op cit, passim, for discussion.
- 76 D. Seers et al, Underdeveloped Europe: Studies in Core-Periphery Relations, (New Jersey, 1979), passim.
- 77 T. Gallagher, op cit, p. 140.
- 78 J. Donges et al, op cit, p. 30; mainly land reclamation and irrigation projects.
- 79 E. H. Fry et al, op cit, p. 42; A. Figueredo, Portugal: Fifty years of Dictatorship, (London, 1978), p. 70; B. Kohler, Political Forces in Spain, Greece and Portugal, (London, 1983), p. 172-3.
- 80 E. N. Baklanoff, The Economic Transformation of Spain and Portugal, (London, 1978); see also OECD Economic Survey reports for the late 1960s
- 81 A. Figueredo, op cit, p. 76; N. Bruce, Portugal, the Last Empire, (London, 1975).
- 82 A. Figueredo, loc cit.
- 83 A. Trigo de Abreu, "The Agriculture Sector", in Sampedro and Payno, eds, The Enlargement of the EC: Case Studies of Greece, Portugal and Spain, (London, 1983), passim.
- 84 E. N. Baklanoff, op cit, pp. 119-25; OECD Economic Surveys: Portugal 1968-1973.
- 85 In 1968 50% of agricultural labour force was over 55 years of age; 50% were illiterate. OECD Economic Survey: Portugal 1980, p. 39.
- 86 see, for example, OECD Economic Survey: Portugal, 1981, p. 24.
- 87 OECD, Economic Survey: Portugal, 1980, pp. 38-9.
- 88 Ibid, 1975, p. 27.
- 89 Ibid.
- 90 C. Hunt, et al, op cit, pp. 136-7; T. Gallagher, op cit, pp. 218-9; OECD Economic Survey: Portugal, (1976), p. 8; B. Lomax, "Ideo-

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- logy and Illusion in the Portuguese Revolution", p. 120. in R. Graham and D. Wheeler (eds), op cit. Lomax points out that the wave of land seizures occurred only after it became clear that rentier property owners would concede nothing to calls for agrarian reform. In the beginning only unoccupied lands were seized. R. Harvey, Portugal, Birth of a Democracy, (London, 1978) provides a good illustration of the period, including the Bishop of Braga's pronouncements, pp. 65-66.
- 91 R. Harvey, loc cit.
- 92 A. Marques Cunha, Portugal's Application for EC Membership, (Thesis), (Reading, 1983) Reading, p.6.
- 93 A. Trigo de Abreu, op cit; Times, Special Report: Portugal, 25 March 1985.
- 94 P. De Pitta e Cunha, "Portugal and the European Economic Community", pp. 237-29, in R. Graham and D. Wheeler (eds), op cit. R. Fennell, The Common Agricultural Policy of the European Community: Institutional and Administrative Organization, (London, 1979), cites soil, rainfall, mountainous areas; J. Donges et al, op cit, pp. 27-31.
- 95 "Reforma Agraria: Inventario e Balanco", O Jornal, 24 August, 1984.
- 96 A. Trigo de Abreu, (1983), op cit, p. 149-66.
- 97 D. Buysse, (1984a) op cit, p. 257.
- 98 Compare with Table 2 in Appendix III, and Table 5 in Chapter 3.
- 99 Green Europe, no. 190, passim; L. Hinton, op cit, p. 5.
- 100 A. Trigo de Abreu, (1983) loc cit.
- 101 Agra Europe, (1980a), op cit, passim; Green Europe no. 190, op cit; Green Europe no. 214, (1986), p. 20; Agra Europe Special Report no. 26, Spain and Portugal in the EEC: The Mechanics of Accession, (Tunbridge Wells, 1985), pp. 10-11.
- 102 Compare this discussion with Table 7 in Chapter 3 and Table 1 in Chapter 5.
- 103 L. Hinton, op cit, p. 3.
- 104 D. Buysse, (1984a) loc cit.
- 105 P. Alvares, C. Roma Fernandes (1980a), op cit, pp. 191-92; J. Cravinho, (1983), p. 135.
- 106 See for instance the negotiating document dated June 1980.
- 107 Bulletin of the European Communities, Supplement 5/78, Opinion on Portugal's Application for Membership; see also Chapter 7.3.

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- 108 M. Soares, *op cit*, pp. 10-12, 278-98; also Prime Minister Soares' speech in Bruges, 3 October 1978, recorded in the *Times*; P. Alvares, C. Roma Fernandes, (1980a) *op cit*, pp. 110-112; Plano de Mudanca da Agricultura, *op cit*, vol. 1, p. 6.
- 109 J. Cravinho, (1983) *op cit*, pp. 147-48.
- 110 See T. Schelling, The Strategy of Conscience, (New York, 1958), Chapter 2, on "irrational" bargaining for weak actors.

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CHAPTER FIVE

THE EEC

- 1 See discussion in Chapter 1.1.
- 2 TD G. Fitzgerald's discussion in "A Community of Twelve? The Opportunities and Risks of Enlargement", in W. Wallace, I. Herreman, A Community of Twelve? The Impact of Further Enlargement on the EEC, (Bruges, 1978), pp 11-14; U. Everling, "Possibilities and Limits of European Integration", Journal of Common Market Studies, vol. 18, no. 3, March 1980, pp. 217-28; C. Heimpel, "The Enlargement of the European Community by the Countries of Southern Europe as Grounds for Adjusting the Common Agricultural Policy", pp. 1-21, in K. Esser et al, European Community and Acceding Countries of Southern Europe, (Berlin, 1979).
- 3 Bulletin of the European Communities, supplement 2/76, Opinion of the Greek Application for Membership; Bulletin of the European Communities, supplement 1/78, Enlargement of the Community: General Considerations, Paragraphs 4-33, 48-49; Bulletin of the European Communities, supplement 2/78, Enlargement of the Community: Transitional Period and Institutional Implications, paragraphs 2, 17, 18, 31-47; Bulletin of the European Communities, supplement 3/78, Enlargement of the Community: Economic and Sectoral Aspects, *passim*. Bulletin of the European Communities, supplement 5/78, Opinion on Portugal's Application for Membership; Bulletin of the European Communities, supplement 9/78, Opinion on Spain's Application for Membership; The accuracy and reliability of forecasts varies greatly. W. Ascher, Forecasting: An Appraisal for Policy-Makers and Planners, (Baltimore, 1979); C. Ritson, "Impact on Agriculture", D. Seers, C. Vaitzos (eds), The Second Enlargement of the EEC: Integration of Unequal Partners, (London, 1982), pp. 92-93.
- 4 The United Kingdom raised the budget issue, particularly with reference to cost-benefit perception calculations, after Mrs. Margaret Thatcher became Prime Minister in 1979.

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- 5 An example of Commission-Council tensions. Bulletin of the European Communities, Supplement 1/78, paragraph 3. Emphasis added by the author.
- 6 Ibid, paragraph 2.
- 7 W. Wallace, "Less than a Federation, More than a Regime: The Community as a Political System", and C. Webb, "Theoretical Perspectives and Problems", both in H. Wallace et al (eds), Policy-Making in the European Community, (2nd edn), (Chichester), 1983; R. McAllister, "The EEC Dimension: Intended and Unintended Consequences", in J. Cornford (editor), The Failure of the State, (London, 1975); D. Buysse, The Effects of Enlargement on Other Mediterranean Countries, (Brussels, 1984b), p. 4.
- 8 D. Lasok, J. W. Bridge, Introduction to the Law and institutions of the European Communities, (3rd edn), (London, 1982), p. 162.
- 9 Ibid.
- 10 H. Wallace, "Negotiation, Conflict and Compromise: The Elusive Pursuit of Common Policies", and W. Wallace, "Political Cooperation: Integration through Intergovernmentalism", both in H. Wallace et al eds, op cit; A. Kerr, The Common Market and How it Works (2nd edn), (Oxford, 1983), Chapter 4; I. R. Bowler, Agriculture under the Common Agricultural Policy, (Manchester, 1985), Chapters 1-3; D. Swann, The Economics of the Common Market (5th edn), (Harmondsworth, 1984), Chapter 2; D. Lasok, J. W. Bridge, op cit, Chapters 5-9.
- 11 Treaty of Rome Article 198 indicates the Economic and Social Committee's consultative capacity. Article 144 ensures the right of the Assembly to censure the Commission, and Article 203 the right to propose amendments to the budget. Article 203 was later amended to include the right to reject the budget. See J. Lodge "The European Parliament" in J. Lodge (ed), Institutions and Policies of the European Community, (London, 1983), and D. Lasok, J. W. Bridge op cit, Chapter 7, for a fuller discussion of its evolution and powers (real or desired).
- 12 D. Swann, op cit, p. 61.
- 13 D. Lasok, J. W. Bridge, op cit, p. 199.
- 14 Ibid.
- 15 The European Parliament Joint Parliamentary Committees issued several joint communiques decrying the laggard pace of negotiations, but this did nothing to achieve a speedy outcome. See, inter alia, the EP Socialist Group Communique of 24 September 1981, and the Mixed Cortes Generales-EP Committee Communique in Madrid, 26 June, 1982. Also, see the European Parliament's "Lord Douro Resolution" and the "Resolution on Mediterranean Agriculture" of 17 November 1982. See Chapters 6.2, 7.2.
- 16 Hereafter called Eurogroups.

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- 17 W. A. Averyt, Jr. Agropolitics in the European Community, (London, 1977), Chapter 5. This poses problems for the very fragmented Spanish agriculture sector representation, much of which is regional. Juan Jesus Rodriguez, "Las Organizaciones Profesionales Agrarias", Papeles Economicas, vol. 17, (Madrid, 1983) esp. pp. 286-94.
- 18 Their titles are: Committee of Professional Agricultural Organisations (COPA), General Committee of Agricultural Cooperation (COGECA) — these are the two largest — the Agro-Alimentary Industry Commission (CIAA), the European Committee for Agricultural Progress (COMPERA). The Confederation of European Sugar Beet Producers (CIBE) is a sub-sectoral organisation.
- 19 W. Averyt, Jr., op cit, p. 3; A. Butt Philip, "Pressure Groups and Policy-Making in the European Community", in J. Lodge (ed), op cit, p. 21; I.R. Bowler, op cit, pp. 37-42.
- 20 W. Averyt, Jr., op cit, cites four main strategies used by agricultural interest groups, which he calls the orthodox strategy, the emergency strategy, the EC solution to a national grievance, and the retreat to national measures. See pp. 102-111.
- 21 See **Chapters 6 and 7**; also M. Hans Kjeldsen's comments (COPA Vice President), "Le Point de Vue des Producteurs", pp. 86-87, 93-94; and F. Desouches, of ANDA (Association Nationale Pour le Developpement Agricole), "L'Agriculture Francaise Face a l'Elargissement de la CEE ver le Sud", pp. 200-209, in M. Tracey, I. Hodac (eds), Prospects for Agriculture in the EC, (Bruges, 1979). C. Caspari outlines in detail the COPA position and points to its aversity to reform. Note that COPA's difficulty with enlargement is reform, not enlargement. C. Caspari, The Common Agriculture Policy: the Direction of Change, (London, 1983), pp. 43-48; also the famous pamphlet produced by the French CNJA (Confederation National des Jeunes Agriculteurs), Espagne: Un Choc pour L'Europe (Paris, 1976), passim.
- 22 During the period 1965-66 the "empty chair crisis" occurred, which was (partially) resolved by the Luxembourg Compromise. The crisis and the Compromise resolving it irrevocably changed Council-Commission relations, tilting in favour of the Council. See W. Nicoll, "The Luxembourg Compromise", Journal of Common Market Studies, vol. 23, no. 1, (Sept. 1984); D. Lasok, J. W. Bridge, op cit, pp. 181-85; A. Kerr, op cit, p. 9.
- 23 S. Henig, "The European Community's Bicephalous Political Authority: Council of Ministers-Commission Relations", in J. Lodge (ed), op cit, p. 9.
- 24 It is telling that the "empty chair crisis" occurred over agriculture policy. S. Henig, op cit, p. 9.
- 25 Practised under Article 152 of the Treaty of Rome. Its abuse by the Council is discussed below. See D. Lasok, J. W. Bridge, op cit, p. 180-81.
- 26 See W. Averyt, Jr., op cit; A. Butt Philip, op cit; J. Pearce, "The Common Agricultural Policy: The Accumulation of Special Interests", (398)

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- in H. Wallace et al (eds), op cit; I.R. Bowler, op cit, chapters 2, 3.
- 27 A concession created by the Luxembourg Compromise.
- 28 Before the **Single European Act** (1986) was implemented, Treaty of Rome Article 149 indicated that the Commission may amend any proposal on which the Council has not yet voted. Any amendments initiated by the Council itself must be approved unanimously. The **SEA** does not affect either agriculture or monetary policy, so for the purposes of this discussion, the problem remains.
- 29 D. Lasok and J. W. Bridge, op cit, p. 181.
- 30 Treaty of Rome Article 148. There are major exceptions which limit the amount of majority voting (discussed below). W. Nicoll, op cit, passim; also H. Wallace, op cit.
- 31 It is not the purpose of this thesis to discuss this problem in detail -- that would take a dissertation of its own. It must be recognised, however, in order to understand the source and nature of the decision-making crisis in the Community.
- 32 W. Nicoll, op cit, p. 37.
- 33 D. Swann, op cit, p. 66; J. Pearce, op cit, pp. 157-70, esp. pp. 161-62, 165. French attempts to deflect discussion away from substantive price policy reform in 1980-81 (with implications for enlargement negotiations) and in cereals policy during the winter of 1988 are examples. **Financial Times**, 14 May 1988.
- 34 For example, TD G. Fitzgerald, op cit, pp. 11-14.
- 35 The issue in question was a UK veto on agricultural prices while its budget rebate remained unresolved. The UK position was overturned on 18 May, 1982.
- 36 Both tendencies are displayed in the Giscard d'Estaing government's attitude towards the reform of the Community (especially the CAP), and the enlargement negotiations during 1978, 1979, and 1980-81, in the runup to the 1981 General Election in France. We can discern a similar cant in West German insistence at watering down agricultural reform proposals in 1987-88, just before important Lander elections. for an EC perspective, see J. Pearce, op cit, pp. 161-2. Also, B. Bloom, "The key to CAP reform passes to West Germany", **Financial Times** 24 Nov. 1987, 25. Nov. 1987, 27 Nov. 1987, and 14 May 1988; **Times** 27 Nov. 1987; F. Duchene, "Community Attitudes", p. 33, in D. Seers, C. Vaitos (eds), op cit; Chapters 6.1, 6.2, 7.2.
- 37 This is an increasingly frequent occurrence since the late 1970s. Positional struggles could be interpreted as "rational" in a zero sum world. Both France and Italy exhibited this tendency in discussions on CAP reform and the enlargement. D. Swann, op cit, p. 66; H. Wallace, "Negotiation, Conflict, and Compromise: The Elusive Pursuit of Common Policies", pp. 53, 71, and H. Wallace, "Distributional Politics: Dividing up the Community Cake", pp. 82- 87, in H. Wallace

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et al (eds), op cit; also Chapters 6 and 7.

- 38 R. Fisher, W. Ury, Getting to Yes, (London, 1982), pp. 7-8; I.W. Zartman, M. Berman, The Practical Negotiator, (Princeton, 1982), pp. 130, 137, 210; C. F. Ikle, How Nations Negotiate, (New York, 1964), p. 60.
- 39 For examples of procrastination, see footnote 43 below.
- 40 For example, in the Paris Summit Communiqué, 1974, and in The Single European Act, 1986.
- 41 I.e., French electoral manipulations, UK budget positions and Greek manipulations of the PIM. U. Everling, "Possibilities and Limits of European Integration", Journal of Common Market Studies, vol. 18, no. 3, (Mar. 1980), p. 227.
- 42 R. Fennell, "Reform of the CAP: Shadow or Substance?", Journal of Common Market Studies, vol. 26, no. 1, (Sept. 1987), p. 72. The experience of the Mansholt Plan and other studies of Agriculture bear this problem out, for example. See, inter alia, COM(68)1000 Part A, Memorandum on the Reform of Agriculture in the EEC (Brussels, 1968); COM(73)1850, Improvement of the Common Agricultural Policy, (Brussels, 1973); COM(75)100, Stocktaking the Common Agricultural Policy, (Brussels, 1975); COM(80)800, Reflections on the Common Agricultural Policy, (Brussels, 1980); COM(85)750, A Future for European Agriculture, (Brussels, 1985).
- 43 After the 1983 Athens Council Summit, for example, the Council instructed the Commission to undertake a "further study" of Mediterranean agricultural issues. Or, French requests in 1981 and 1982 for "reflections" and an "inventory" on enlargement, after a Fresco was produced years earlier (1978).
- 44 See Chapters 6, 7, passim.
- 45 R. McAllister, op cit, p. 185.
- 46 R. Fennell, (1987), op cit, pp. 72-3.
- 47 A. Kerr, op cit, p. 63; TD G. Fitzgerald, op cit.
- 48 F. Nicholson, R. East, From the Six to the Twelve, (Harlow, 1987), p. 188.
- 49 Treaty of Rome, Articles 237 and 238.
- 50 A. Kerr, op cit, p. 63; U. Kitzinger, Diplomacy and Persuasion: How Britain joined the Common Market, (London, 1973), pp. 77-80.
- 51 A. Alonso, Espana en el Mercado Comun: Del Acuerdo del 70 a la Comunidad de Doce, (Madrid, 1985), pp. 94-95. Portugal and Spain both concentrated their efforts on changing the perceptions of the Council of Ministers, Chapters 6, 7, passim.

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- 52 **Acquis communautaire** is defined as the existing body of Community legislation.
- 53 For example, different member state stands on issues such as the UK budget rebate, the Integrated Mediterranean Plan (PIM), and reform of the CAP during the enlargement negotiations.
- 54 For example, J. Dawson Ahalt's comments, "US Perspective of World Agriculture Markets", p. 66-74, Francine Hubert, "Resultats des Negotiations Commerciales Multilaterales au GATT", pp. 250-262; T. Josling, "The CAP and International Commodity Agreements", p. 274-76; Prof. Dr. H. E. Buchholz, "The Multilateral Trade Negotiations and EEC Agriculture", p. 264; Vice President of the EEC Commission Olav Gundelach, pp. 424-29, in M. Tracey, I. Hodac op cit; C. Brewin, "The European Community: A Union of States without Unity of Government", Journal of Common Market Studies, vol. 24, no. 1, (Sept. 1987), pp. 17-18. Also, E. Thorbeck, Emilio Pagoulatos, "The Effects of European Integration on Agriculture, pp. 287-89, in B. Belassa (editor), European Economic Integration, (New York, 1975); M. Tracey, Agriculture in Western Europe: Challenge and Response: 1880-1980, (2nd edn), (London, 1982), pp. 361-86. The same problems are experienced in the Punta del Este round of GATT talks, **Financial Times**, 13 May, 1988.
- 55 TD G. Fitzgerald, op cit, p. 17; R. McAllister, op cit, p. 183.
- 56 F. Duchene, op cit, pp. 32-34.
- 57 I.e., C. Caspari, op cit; D. Lasok, J. W. Bridge, op cit, pp. 373-82; W. Averyt, Jr, op cit; D. Swann, op cit, pp. 205-08; I. R. Bowler, op cit; J. S. Marsh, P. Swaney, "The Common Agricultural Policy", in J. Lodge (editor), op cit; J. Pearce, op cit; R Fennell, "A Reconsideration of the Objectives of the Common Agricultural Policy", Journal of Common Market Studies, vol. 23, no. 3, (Mar. 1985), pp. 257-76; R. Fennell, The Common Agricultural Policy of the European Community: Its Institutional and Administrative Organisation, (London, 1979); J. Pearce, The Common Agricultural Policy: Prospects for Change (London, 1981); S. Harris et al, The Food and Farm Policies of the European Community, (Chichester, 1983), pp. 1-10..
- 58 Quoted in D. Lasok, J. W. Bridge, op cit, p. 373. Translated by author.
- 59 I. R. Bowler, op cit, pp. 49-50.
- 60 For example, B. Hill, op cit, chapters 1-2; M. P. Todaro, Economic Development in the Third World: An Introduction to Problems and Policies in a Global Perspective, (New York, 1977), Chapter 3, 9, 10, 15; S. Harris et al, loc cit.
- 61 See section B.ii, below, and footnote 72, below.
- 62 MCAs must disappear with the completion of the internal market in 1992, but this depends on relative currency stability of key currencies, such as the U.S. dollar. Agra Europe, Spain and Portugal in

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- the EEC: The Mechanics of Accession, (Tunbridge Wells, 1985), p. 15.
- 63 This is also an example of the "positional" struggles noted in **Section 1.C.** of this chapter.
- 64 R. Fennell (1979), op cit, p. 103; B. Hill, op cit, Chapters 1, 2.
- 65 D. Swann, op cit, pp. 213-14. Another reason for the bias is the ease with which northern products are stored and transformed for storage purposes. This is more difficult or impossible for other products.
- 66 R. Fennell (1979), op cit, pp. 103-04. Emphasis added by author. E. Andrlik, "The Farmers and the State: Agricultural Interests and West German Politics", West European Politics, vol. 4, no. 1, (Jan. 1981) pp. 104-119.
- 67 I. R. Bowler, op cit, p. 52.
- 68 For a full explanation, see R. Fennell, (1979), op cit.
- 69 5 Dias, Espana ante la CEE, (Madrid, 1980), p. 175.
- 70 G. Goldstone Rosenthal, The Men Behind the Decisions, (Lexington, 1975), pp.79-100; J. J. Romero Rodriguez, "The Agriculture Sector", in J. L. Sampedro, J. A. Payno (eds), The Enlargement of the European Community: Case Studies of Greece, Portugal and Spain, (London, 1983), p. 215; E. Thorbeck, E. Pagoulatos, op cit, pp. 278-80; S. Harris et al, op cit, pp. 147-86.
- 71 R. Fennell, (1979), op cit, p. 105. See also **Table 4, Section 2.C**, below; G. Goldstone Rosenthal, loc cit.
- 72 D. Swann, op cit, esp. pp. 218-23.
- 73 Ibid, p. 207; also C. Caspari, op cit, pp. 41-2; R. Fennell (1987), op cit, pp. 75-77.
- 74 C. Caspari, op cit, pp. 43-50; W. Averyt, Jr, op cit; M. Hans Kjeldsen, op cit.
- 75 R. Fennell (1985), op cit, pp. 260-63.
- 76 For an excellent discussion of the problem, see R. Fennell (1987), pp. 72-3.
- 77 D. Swann, op cit, pp. 221-23; R. Fennell (1979), op cit, pp. 89-102.
- 78 Agra Europe, (1985), loc cit, p. 15.
- 79 I. R. Bowler, op cit, pp. 78-82; B. Hill, op cit, pp 60-70 argues that MCAs violate the "free internal movement" principle; D. Swann, op cit, p. 223, notes that MCAs make a mockery of the "common price" principle. This also has implications for countries with weak exchange rates, such as Spain and Portugal, as L. Tsoukalis points out, The EEC and its Mediterranean Enlargement (London, 1981), pp.

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- 234-5; J. Donges, Second Enlargement of the EC (Tubingen, 1982), pp. 142-3; Danish Minister of Agriculture N. A. Kofoed, "Prospects for EEC Agriculture", pp. 4-5, in M. Tracey and I. Hodac, *op cit.* See I. R. Bowler, *op cit.*, pp. 78-82; B. Hill, *op cit.*, pp. 60-70 argues that MCAs violate the "free internal movement" principle; For an example of government attempts to take advantage of green currency for pig-meat by manipulating it, Financial Times, 6 Apr. 1988.
- 80 C. Caspari, *op cit.*, pp. 84-85.
- 81 Discussion based on R. Fennell (1979), *op cit.*, Chapter 11.
- 82 *Ibid.*, pp. 173-92.
- 83 *Ibid.*, pp. 181-84; R. Fennell (1987) *op cit.*, p. 262.
- 84 See **Table 4**, in section 2.C., below.
- 85 See **Chapters 6.2.D, 6.2.E, 6.3, 7.2, 7.3.**
- 86 I. R. Bowler, *op cit.*; D. Swann, *op cit.*
- 87 Discussion based on R. Fennell, (1979) *op cit.*, pp. 7, 31, 109-11, 132, 142, 159.
- 88 See footnote 52 above, for references: also EEC Commission, Agricultural Report of the Community, Brussels, various years.
- 89 For balance of trade effects on Spain and Portugal, see *inter alia*, D. Buysse, The Accession of Spain and Portugal to the European Community (Brussels, 1984); Pedro Alvares, Carlos Roma Fernandes, Portugal e o Mercado Comum: Dos Acordos de 1972 aos Negociacoes de Adesao (Lisbon, 1980); Agra Europe, The Agricultural Implications of Enlargement: Part II: Portugal (London, 1980a); Agra Europe, The Agricultural Implications of Enlargement: Part III: Spain (London: 1980b).
- 90 D. Swann, *op cit.*, p. 81.
- 91 *Ibid.* Compulsory Guidance expenditure is for structural farm improvements and encouraging efficiency.
- 92 *Ibid.*, pp. 81-82.
- 93 *Ibid.*, pp. 84-85.
- 94 This is not to say that the strict cost-benefit criteria which the Thatcher government emphasizes is entirely legitimate. If such a policy were demanded by all Member States, the common market would break down. The concept of European integration (or any regional integration) carries the explicit concept of income redistribution to bring declining or underdeveloped, or otherwise structurally disadvantaged regions up to the Community standard.
- 95 This discussion makes it increasingly apparent why the British position on CAP reform seems to be anomalous. Until Greece, Portugal and

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Spain joined the Community, the vested interest in the status quo was high because all Members (except Britain) received something favourable from it. It is worth noting, however, that British cereals and dairy farmers do not support their government's position on CAP budgetary "stabilizers".

- 96 D. Buysse, The Accession of Spain and Portugal to the European Community, (Brussels, 1984a), p. 9.
- 97 The best discussions of these controversial topics are in D. Buysse, (1984b) op cit, pp. 191-229; Agra (1980a) passim; Agra Europe (1980b) pp. 149-52, 168-78; A. Fralon, D. Buysse, Enlargement, a Sectoral Breakdown (Brussels, 1979), pp. 27-47.
- 98 The cyclic and labour intensive nature of olive production, and its regional character -- it is concentrated inevitably in the poorest of southern regions -- could justify more generous intervention on social grounds. Nevertheless, optimal intervention should orient towards making the sector viable, not supporting it at any costs. See C. Tio, La Politica de Aceites Comestibles en la Espana del Siglo XX (Madrid, 1982); D. Buysse, (1984) op cit, pp. 198-99; A. Fralon, D. Buysse, op cit, p. 49.
- 99 A. Fralon, D. Buysse, op cit, pp. 42-43.
- 100 D. Buysse (1984a), op cit, p. 199.
- 101 A. Fralon, D. Buysse, op cit, pp. 29-30, esp. Table 7.
- 102 Ibid.
- 103 D. Buysse (1984a) op cit, pp. 213-15.
- 104 Ibid, pp. 215-21.
- 105 A. Fralon, D. Buysse, op cit, pp. 30-32; D. Buysse (1984a) op cit, p. 227.
- 106 D. Buysse, (1984a) p. 223.
- 107 Ibid, pp. 227, 229; See also Chapters 6 and 7.
- 108 C. Ritson, loc cit.
- 109 It should be noted that there are difficulties in storing perishable fruits and vegetables. The only regimes covering fruit were for oranges, mandarines, lemons, table grapes, pears, and peaches. Tariff protection only existed for cucumbers, plums and cherries. For vegetables, regimes covered only tomatoes, cauliflowers, and later potatoes. Significant products not covered were, *inter alia* lettuce, onions, capsicum, melons, strawberries, and cherries.
- 110 A. Fralon, D. Buysse, op cit, p. 49.
- 111 This was aside from French, Italian and Greek demands for "protection" against competitive (Spanish) produce.

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- 112 A. Trigo de Abreu makes this case eloquently for Portugal in "The Agriculture Sector", in J. L. Sampedro, J. A. Payno (eds), op cit, pp. 149-65 passim.
- 113 D. Buysse, (1984a) op cit, p. 9; A. Alonso, op cit, p. 95, and footnote 115, below.
- 114 R. Fennell makes this point in her review of CAP "reform" policies and proposals, (1987), op cit, passim.
- 115 C. Deubner et al, Economic Relations between Spain and Portugal in a Twelve Nation European Community, (Brussels, 1984), pp. 17-18.
- 116 The United Kingdom linked the budget issue to reform and enlargement in the May 1980 Council meeting.
- 117 This is very common in negotiations. However, over a very large range of issues, such as the enlargement negotiations, it can lead to difficulties in tying the fragments together. See, R. Fisher W. Ury, op cit, passim; I. W. Zartman, M. Berman, op cit, passim; C. F. Ikle, op cit, passim.

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CHAPTER SIX

THE SPANISH ACCESSION NEGOTIATIONS

- 1 J. A. Payno, "Spain: Characteristics and Motives for Entry", p. 200-203, and J. J. Romero Rodriguez, "The Agriculture Sector", p. 214, both in J. L. Sampedro, J. A. Payno (eds), The Enlargement of the European Community: Case Studies of Greece, Portugal and Spain (London, 1983); F. Nicholson, R. East, From the Six to the Twelve: The Enlargement of the European Communities (Harlow, 1987), p. 214; A. Alonso, Espana en el Mercado Comun: del Acuerdo del 70 a la Comunidad de Doce (Madrid, 1985), Chapters 1, 2.
- 2 In wine, especially citrus and olive oil. Agra Europe Special Report No. 6, The Agricultural Implications of EEC Enlargement: Part III: Spain (Tunbridge Wells, 1980b), p. 3; P. Alvares, C. Roma Fernandes, Portugal e o Mercado Comun: Da EFTA aos Acordos de 1972 (vol.1) (Lisboa, 1980), pp. 11-54, 193, 199-200; F. Nicholson, R. East, op cit, pp. 214-15; A. Alonso, op cit, p. 56. Since the 1970 Accord, France had a systematic deficit with Spain, mainly the result of Spanish agricultural exports. D. Buysse, The Guide to Enlargement: Analysis and Directions for the Use of the Accession Treaty of Spain and Portugal to the European Communities, (Brussels, 1985), pp. 12, 19; C. Deubner et al, Economic Relations between Spain and Portugal in a Twelve Nation European Community,

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(Brussels, 1984), pp. 1-30 passim.

- 3 For example, Antonio Alonso participated in the 1967-70 Trade accord negotiations as a diplomat. Later as a top member of the powerful Spanish entrepreneur's organisation, CEOE, he remained a supporter of Spanish accession, under the right terms.
- 4 R. H. Ginsberg, "The European Community and the Mediterranean", in J. Lodge (ed), Institutions and Policies of the European Community (London, 1983), pp. 154-67, esp. 155.
- 5 See discussion in **Chapter 1**.
- 6 Unlike Portugal, Spain was subjected to a harsher, lengthier policy of isolation because of the legacy of the civil war. This degenerated only in the 1950s. The following dates illustrate slow international acceptance: in 1950 the UN General Assembly resolved to lift economic and diplomatic sanctions against Spain; in 1953 Spain signed a Concordat with the Holy See and also its first base agreement with the USA; in 1958, she became an associate of the OEEC, and a full member of the IMF/IBRD. L. Tsoukalis, The European Community and its Mediterranean Enlargement (London, 1981), pp. 75-79; B. H. Tracy, H. Rissen, "Bargaining as Trial and Error: The Case of the Spanish Base Negotiations 1963-1970" in I. W. Zartman (ed) The Negotiation Process: Theories and Applications, (Beverly Hills, 1978), pp. 193-224; A. Alonso, op cit, Chapter 1 and pp. 311-14.
- 7 J. A. Payno, op cit, pp. 200-202; L. Tsoukalis, op cit, Table 1.23. Spanish exports to the EEC are recorded as follows: in 1961, 37.6%; in 1965, 36.2%; in 1970, 36.1%; in 1973 (EEC9), 47.8%; in 1977, 46.3%. Op cit, p. 85; Statistics from Agra Europe Special Report No. 26, Spain and Portugal in the EEC: The Mechanics of Accession, (London, Agra Europe, 1985), p. 19.
- 8 A. Alonso, op cit, pp. 76-77.
- 9 For a Francoist view, see J. Larraz, La Integracion Europea y Espana (Madrid, 1961); M. Onkenhout interprets the EEC's lack of response to the 1962 application to be the result of internal divisions, Spain and the European Communities: A Question of Politics (1957-1980), (MPhil), (Oxford, 1980), p. 119.
- 10 A. Alonso, op cit, pp. 22-27; M. Onkenhout, op cit, pp. 50-59 on the negotiations leading to the 1970 Accord, and within the context of the Global Mediterranean Policy, pp. 69-72.
- 11 R. H. Ginsberg, op cit, p. 160; L. Tsoukalis, op cit, p. 81. S. Henig, in G. Ionescu (ed) The New Politics of European Integration (London, 1972) p. 193.
- 12 S. Henig, "The Mediterranean Policy of the European Community", in G. Ionescu (ed), op cit. pp. 188-90.
- 13 D. Buysse, The Accession of Spain and Portugal to the European Community (Brussels, 1984a), p. 4; Agra Europe Special Report No.
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- 6 (1980b), op cit, pp. 3-4; A. Alonso, op cit, pp. 31-73.
- 14 See *inter alia*, U. Kitzinger, Diplomacy and Persuasion: How Britain Joined the Common Market (London, 1973); R. Bailey, The European Connection: Implications of EEC Membership (Oxford, 1983), pp. 17-125; A. Kerr, The Common Market and How it Works (2nd edn)(Oxford, 1983), Chapter 1; D. Swann, The Economics of the Common Market (5th edn), (Harmondsworth, 1984), pp. 9-49, 85-93; A. Alonso, op cit, pp. 74-99; F. Nicholson, R. East, op cit, pp. 41-82, 165-80.
- 15 M. Blacksell, "The European Community and the Mediterranean Region: Two Steps Forward, One Step Back", in A. Williams (ed), Southern Europe Transformed: Political and Economic Change in Greece, Italy Portugal and Spain (Cambridge, 1984), pp. 268-88; D. Buysse, The Effects of Enlargement on Other Mediterranean Countries (Brussels, 1984b), pp. 1-20; R. H. Ginsberg, op cit, passim; A. Alonso, op cit, pp. 76-77.
- 16 The following discussion is based on A. Alonso, op cit, pp. 74-118.
- 17 This was designed to overtake Commission initiative. Ibid, p. 111
- 18 This discussed briefly in Chapter 2, and fully in Chapter 5.
- 19 A. Alonso, op cit, p. 86.
- 20 Israel, Morocco, Tunisia, Greece, Turkey, all implemented similar protocols. Ibid, pp. 86-7.
- 21 At this point the debate within Spain began on the merits of membership as opposed to a Free Trade Area.
- 22 It should be noted that EEC proposals for its Mediterranean accords violated GATT norms. Ibid, p. 97.
- 23 Israel, Morocco, Tunisia.
- 24 December 1974, September 1975.
- 25 See *inter alia*, R. H. Ginsberg, op cit; M. Blacksell, op cit; D. Buysse, (1984b) op cit, pp. 1-19; D. Swann, op cit, p. 66; A. Toxias, "The International Context of Democratic Transition", in G. Pridham (ed), The New Mediterranean Democracies: Regime Transition in Spain, Greece and Portugal (London, 1984), pp. 158-71; H. Wallace, "Negotiation, Conflict, Compromise: The Elusive Pursuit of Common Policies", pp. 53, 71, H. Wallace, "Distributional Politics, Dividing up the Community Cake", pp. 82-87, in H. Wallace et al (eds) Policy-Making In the European Community (2nd edn), (Chichester, 1983); P. Preston, D. Smyth, Spain, the EEC and NATO (London, 1984); A. Cox, "The World Recession and European Political and Economic Responses" pp. 1-31, J. Harrison "Spain: the end of the Miracle", pp. 195-217, Emil Kirchner, "The EC and the Economic Recession 1973-79" pp 218-255, all in A. Cox (ed), Politics, Policy and the European Recession (Bath, 1982); J. E. Spero, The

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- Politics of International Economic Relations (New York, 1977); B. M. Jenkins, "Subnational Conflict in the Mediterranean Region", G. Luciani (ed), The Mediterranean Region: Economic Interdependence and the Future of Society (New York, 1984) pp. 179-205; P. Wilkinson, Terrorism and the Liberal State, (London, 1977).
- 26 For discussion of West German party political and government activities to support democracies, see B. Kohler, Political Forces in Spain, Greece and Portugal (London, 1982) pp. 29-53, 74, 76, 82-84, 169; P. Preston, D. Smyth, op cit, pp. 67-68; F. Duchene in D. Seers, C. Vaitsos (eds) op cit, p. 25; L. Tsoukalis, op cit, pp. 105-127, 145-161.
- 27 See **Chapters 4, Four 7.1** for Portuguese opportunities of accession.
- 28 J. A. Payno, op cit, p. 187; M. Onkenhout, op cit, pp. 81-82, 86-87..
- 29 A. Alonso, op cit, p. 108.
- 30 Ibid, p. 109.
- 31 Ibid, pp. 109-113. By April 1976 the EEC signed agreements with Tunis, Algeria, and Morocco, all of which had a direct (negative) impact on Spanish agricultural exports to the Community.
- 32 Ibid, p. 113.
- 33 Ibid, pp. 113-118. The following discussion is based on this passage.
- 34 An example of principalled negotiation.
- 35 This discussion is based on the author's own experience while in residence in Madrid between 1974-1976.
- 36 R. East, F. Nicholson, op cit, p. 215.
- 37 J. M. Bayona, Juan Carlos I, (Barcelona, 1976), p. 241.
- 38 The negotiation formula was still hard on the EEC side: the EEC climate and attitude toward Spain remained basically unchanged. However, both sides apparently considered the endeavor worthwhile because they concentrated on technical aspects. A. Alonso, op cit, p. 126.
- 39 See *inter alia* A. Williams (ed) op cit; G. Pridham (ed) op cit; P. Preston, D. Smyth, op cit; B. Kohler, op cit; C. Abel, N. Torrents (eds) Spain: Conditional Democracy (London, 1984); V. Alba, The Transition in Spain: From Franco to Democracy (New Brunswick, 1978); D. S. Bell (ed) Democratic Politics in Spain: Spanish Politics after Franco (London, 1983); D. Bell, The Mediterranean Challenge II: Eurocommunism and the Spanish Communist Party (Brighton, 1979); R. Carr, J. P. Fusi Aizpurua, Spain: Dictatorship to Democracy (London, 1979); J. F. Coverdale, The Political Transformation of Spain after Franco (London, 1979); E. H. Fry, G. A. Ray-
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- mond, et al, The Other Western Europe: A Political Analysis of the Smaller Democracies (2nd edn), (Santa Barbara, 1983); D. Gilmour, The Transformation of Spain: From Franco to the Constitutional Monarchy (London, 1985); R. Graham, Spain, Change of a Nation (London, 1984); J. Maravall, The Transition to Democracy in Spain (London, 1982); G. Minet et al, The Mediterranean Challenge VI: Spain, Greece and Community Politics (Brighton, 1981); R. Morodo, La Transición Política (Madrid, 1984); P. Preston, The Triumph of Democracy in Spain (London, 1986); P. J. Donaghy, M. T. Newton, Spain: A Guide to Political and Economic Institutions, (Cambridge, 1987).
- 40 See **Chapter 3.1.A** for discussion about the European orientation of the Spanish constitution. The King's activities are discussed below, see also J. M. Bayona, op cit, pp. 328-44.
- 41 See the discussion in **Chapter 1.3.A, 1.3.B** on justifications and attitudes.
- 42 D. Seers, in D. Seers, C. Vaitzos, op cit, pp. 6-8; L. Tsoukalis, op cit, pp. 136-43; W. Wallace, in L. Tsoukalis (ed), Greece and the EEC (1979), pp. 20-22, 30-33.
- 43 A. Alonso, op cit, p. 128.
- 44 Confederation National des Jeunes Agriculteurs Français, **Espagne: un choc pour l'Europe** (Paris, Avril 1976). The French government's evaluation of the agriculture debate never differed greatly from that shown by this pamphlet, despite the change in party to the socialists in 1981.
- 45 Also crucial to Franco-Spanish relations, particularly regarding the treatment and extradition of suspected ETA terrorists.
- 46 J. M. Bayona, op cit, pp. 333, 344.
- 47 Ibid, p. 341. **Le Monde** 30 October 1976; **La Vanguardia** 30 October 1976.
- 48 J. M. Bayona, op cit, p. 331; D. Buysse, (1985) op cit, p. 12, French exports to Spain were about 30% of total Community exports. **Le monde**, 31 Oct. 1976.
- 49 J. M. Bayona, op cit, p. 334-6; **Le Monde**, 31 Oct. 1976.
- 50 The agreement was initialled in Geneva on 7 December 1978, signed officially in Madrid on 26 June 1979, and entered into force on 1 January 1980. **Annex P** contains specific provisions governing Hispano-Portuguese trade relations, and the preamble and other sections explicitly recognise Spain's evolving relationship with the EEC. Agreement between the EFTA Countries and Spain, (Geneva, 1979), esp. preamble, Art. 1, Art. 10, Art. 28, Annex P.
- 51 Compare with the 12-day response for Greece (application 12 June, Reply 24 June 1975), and the 8-day response to Portugal's application.

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- 52 The report on implications of enlargement is hereafter referred to as the "Fresco".
- 53 The Ministry for Relations with the European Communities became the Secretariat of State for Relations with the European Communities when Eduard Punset replaced Calvo-Sotelo as its head in September 1980. This did not devalue its role. Hereafter it will be called **La Trinidad**.
- 54 Real Decreto 341/1978.
- 55 E. Gonzalez Sanchez, "Nota Sobre la Constitucion y Actuaciones del Equipo Negociador Espanol con las Comunidades Europeas", Revista de Instituciones Europeas, vol. 5, no. 3, (sept-dic 1978), p. 783.
- 56 E. Gonzalez Sanchez, "La Adhesion de Espana a las Comunidades Europeas: Estado Actual de las Negociaciones", Revista de Instituciones Europeas, vol. 7, no. 3, (sept-dic 1980), p. 1030.
- 57 E. Gonzalez Sanchez (1978) op cit, p. 786.
- 58 See the discussion in Chapter 1.3; also Table 5 Chapter 5 on Members' "interests" in the negotiations; C. Tio's Critique, "El Capitulo Agricola en las Negociaciones de Adhesion de Espana a la CEE", Boletin de Informacion Extranjera, (mayo-agosto 1984), pp. 59-73.
- 59 During the 1978 French parliamentary elections, the PCF, PS, and RPR all used the Mediterranean enlargement and specifically the Spanish agricultural "threat" for electoral purposes. This prevented a dispassionate French viewpoint from the beginning. See, inter alia, Le Monde for electoral speeches during the Spring of 1978, 5 Dias, Espana ante la CEE (Madrid, Dias, 1978) passim; J. J. Rodriguez Alcaide, in Spain and the EEC (Oxford, UACES, 1978), p. 28; F. Duchene, in D. Seers, C. Vaitos, (eds) op cit, p. 33; D. Buysse (1985) op cit, pp. 12-15; P. Preston, D. Smyth, op cit, pp. 66-75; also footnote 37 of Chapter 5. See also footnote 74 below, and the Chapter 1.3.
- 60 Bulletin of the European Communities, supplements 1/78, 2/78, 3/78, ops cit. PSOE officials were apparently mindful of Britain's first enlargement experience: of Conservative Party compromises and Labour Party renegotiations. They were determined to avert such an occurrence in the event of a change of governing party in Spain. M. Onkenhout, op cit, p. 106.
- 61 A. Alonso, op cit, p. 134-35.
- 62 The Community's policy malaise is discussed in Chapter 5.
- 63 A. Alonso, loc cit.
- 64 5 Dias (1978) op cit pp. 175-200.
- 65 A. Alonso, loc cit.

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- 66 In October 1981 France and Italy embargoed all imports of Spanish olive oil and products containing vegetable oil, purportedly because of fears of poisoning. Spain reacted very negatively. "No compre frances", "Aqui no se venden productos italianos ni franceses", *Cambio* 16 26 October 1981, no. 517, passim.
- 67 Interviews with P. Williams, October 1985; D. White, October 1985; E. Punset, October 1985.
- 68 A. Alonso, op cit, pp. 137-45; 5 Dias (1980) op cit; E. Gonzalez Sanchez (1980) op cit, esp. p. 1030.
- 69 E. Gonzalez Sanchez (1980) op cit, passim; A. Alonso, op cit, pp. 137-40.
- 70 E. Gonzalez Sanchez (1980) op cit, p. 1031-32.
- 71 Ibid, p. 1033; Bulletin of the European Communities, Supplement 2/78.
- 72 E. Gonzalez Sanchez, (1980) op cit, p. 1034-39.
- 73 A. Alonso, op cit, pp. 137-38; E. Gonzalez Sanchez, (1980) op cit, 74. 1032. E. Punset defined *vue d'ensemble* as each party to negotiation explaining its positions in hopes of convergence. (interview, October 1985).
- 74 The 30 May Mandate charged the Commission to examine (a) EEC policy development; (b) CAP reform; (c) restructuring the budget. Spanish representatives did not immediately perceive a threat to the process in this. A. Alonso, pp. 141-2; Boletin de Informacion Extranjera (marzo/abril 1984) p. 21.
- 75 See Footnote 59, above, and discussion in Chapter 1.3. For coverage of the speech, see, inter alia, *Le Monde* 6 June 1980, *Le Soir* 6 June 1980, *El Pais* 6 June 1980. This blocked most of the substantive negotiations until 1983.
- 76 A. Alonso, op cit, p. 140; E. Gonzalez Sanchez (1980) op cit, pp. 1040-41; *El Pais* 7 June 1980; "El Mercado Comun cierra puertas y el Norte de Africa amenaza: Espana vuelve a quedar solo", *Sabado Grafico* 18 June 1980, also issue of 2 July 1980; *The Times* 7 June 1980; F. Nicholson, R. East, op cit p. 218.
- 77 Note the oblique references to budgetary and agricultural problems, and the stress on equality. excerpts from F. Nicholson, R. East, op cit, p. 218.
- 78 Boletin de Informacion Extranjera, (marzo/abril 1984), p. 21. Italy chaired the council at the time.
- 79 F. Nicholson, R. East, op cit, p. 217.
- 80 "Paga sudor en las relaciones", *Cambio* 16, vol. 450, 20 July 1980. Xavier Domingo, "El tomate de Giscard", *Cambio* 16, vol. 448, 14 July 1980 on border incidents in which CNJAF activists set fire to
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nine Spanish lorries, and reported French police connivance in similar actions. Attacks continued into the summer 1981.

- 81 Interview, E. Punset, October 1985; E. Punset, Espana: Sociedad Cerrada, Sociedad Abierta (Barcelona, 1982), pp. 132-65; Xavier Domingo (14 July 1980), op cit.
- 82 Foreign Minister Oreja announced intentions to apply for NATO membership on 15 June 1980.
- 83 "Espana en la CEE: Habra que Esperar hasta 1985", esp. Agriculture Minister Jaime Lamo de Espinosa's comments, Sabado Grafico 22 October 1980; also "A Tomatazo Limpio", Cambio 16, vol 463, 19 October 1980. Punset noted that the Suarez government did not dare be explicit about the implications of the delays for political reasons (interview, October 1985).
- 84 Jenkins visited Madrid on 2-3 October 1980; Natali visited in November. A. Alonso, op cit, p. 143.'
- 85 D. Buysse, op cit (1985) pp. 2, 13-17.
- 86 Boletin de Informacion Extranjera, (marzo/abril 1984), p. 21; total amounts of aid given: 4 May 1981: 200,000,000 ECU; 21 June 1983: 100,000,000 ECU; 1 July 1984: 250,000,000 ECU. This includes adjustments to the fiscal system, reducing and eliminating many distortions (which occurred in 1981-82). D. Buysse, (1984a) op cit, p. 31.
- 87 The concession came after a lively internal debate between CEOE and Punset. A. Alonso, op cit, pp. 143-45; Boletin de Informacion Extranjera, (marzo/abril 1984), p. 21, and E. Punset interview, (October 1985).
- 88 E. Gonzalez Sanchez (1982) op cit, p. 89; Spanish Ambassador Raimundo Bassols replaced Punset, but Foreign Minister Perez Llorca took charge from 27 February.
- 89 This is well and widely reported elsewhere. See, *inter alia*, Diario 16, Cambio 16, El Pais, Financial Times, Times reports of the period. Prime Minister Calvo-Sotelo was sworn in on 25 February, and stressed emphatically the political motivations of Community membership in his investiture speech. E. Gonzalez Sanchez, (1982) op cit, p. 89.
- 90 Sabado Grafico, no. 1259, 11 March 1981, Mariano Malaver, "La Resaca del Golpe", Cambio 16, El Pais; A. Alonso, p. 148. A European Parliament resolution on 11 March also called for acceleration, Official Journal of the European Communities, C77, 6 April 1981, point 6.
- 91 Sabado Grafico, loc cit.
- 92 F. Nicholson, R. East, op cit, p. 219; Official Journal of the European Communities, loc cit.

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- 93 The first "precondition" on VAT was conceded in March 1982.
- 94 **Cambio 16**, vol. 508, 24 August, Xavier Domingo, "La Fruta de la discordia" in which a Spaniard noted that if tensions were not soon resolved, Spanish violence against the French would occur. W. Averyt, Jr., Agropolitics in the European Community (London, 1977) p. 27.
- 95 This continued until 1983.
- 96 The Second EEC declaration was presented on 26 October 1981; Boletín de Informacion Extranjera, (marzo/abril 1984), pp. 22-23.
- 97 This limited discussion to institutional questions of the **acquis** such as state trade, monopolies, market organization, producer groups, etc.
- 98 Spain presented its second declaration on 29 January 1982; to discuss "what is possible" let the Council off the hook regarding difficult questions.
- 99 20-21 September, in Brussels; 22 September, in London; 23 September, in Dublin; 30 September in Bonn, 1 October, in the Hague; 2 October, in Luxembourg; 7-8 October in Paris; 20 October, talks with the Danish Secretary of State for Foreign Affairs in Madrid; 22-23 October, in Rome. E. Gonzalez Sanchez (1982) p. 92.
- 100 See **El Pais**, **La Vanguardia** 10 October - November; **Cambio 16**, esp. vol. 517, 26 October, Juan Tomas de Salas (editorial) "Ni Brie ni Setta".
- 101 E. Gonzalez Sanchez, (1982) op cit, p. 91-92; A. Alonso, op cit, pp. 153-154; F. Nicholson, R. East, pp. 220-221; Boletín de Informacion Extranjera, (marzo/abril, 1984) p. 23.
- 102 Discussed in depth in Chapter 5.1 and 5.3.
- 103 See Chapter 5.1, 5.3, and Chapter 2 for discussion.
- 104 A. Alonso, p. 154; E. Gonzalez Sanchez, (1982) op cit, pp. 92-93.
- 105 The visit to Brussels was on 7 January 1982. A. Alonso, p. 155; F. Nicholson, R. East, op cit, p. 221.
- 106 A. Alonso, op cit, pp. 155-156; E. Gonzalez Sanchez, "Espana-CEE: las Negociaciones de Adhesion a lo largo de 1982", Revista de Instituciones Europeas, vol. 10, no. 1, (enero-abril 1983), pp. 97-98; "Declaración de la Delegación de Espana sobre la Agricultura", 17 Reunion a nivel de suplentes de la conferencia negociadora para la adhesion de Espana a las Comunidades Europeas, 20 enero de 1982.
- 107 Ibid, passim. An example of principled negotiation.
- 108 Capital movements, transport, regional policy, right of establishment and services, harmonisation of legislation, economic and fin-

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ancial questions were all provisionally closed.

- 109 E. Gonzalez Sanchez (1983) op cit, pp. 98-99; A. Alonso, op cit, pp. 146-51; F. Nicholson, R. East, op cit, pp. 221-22.
- 110 Prime Minister Papandreou's socialist PASOK party based much of its campaign on securing better terms, and a referendum on membership. PASOK won the election on 18 October 1981.
- 111 **Cambio 16**, **El Pais**, **Times** 8 September 1983, esp **Times** (editorial) on Gibraltar/Budget/Spanish-UK negotiations, "Friendship with Spain"; F. Moran, *Una Politica Exterior para Espana*, (Barcelona, 1980), pp. 249-69; G. Hills, *Rock of Contention*, (London, 1974).
- 112 E. Gonzalez Sanchez (1983), op cit, p. 100.
- 113 Text of Speech in **Boletin Movimiento Europeo** no. 4, (julio, 1982); E. Gonzalez Sanchez, (1983) pp. 99-100.
- 114 **Boletin de Informacion Extranjera**, (marzo/abril, 1984), p. 23; A. Alonso, op cit, p. 162; F. Nicholson, R. East, op cit, pp. 221-22; **El Pais**, 24 June; **Cambio 16** vol. 552, 28 June; G. Hills, *Rock of Contention: A History of Gibraltar*, (London, 1974), pp. 400-455; P. Preston, D. Smyth, op cit, p. 83.
- 115 E. Gonzalez Sanchez, (1983) op cit, p. 101.
- 116 See Final Council Communique and Newspapers for 30 June 1982.
- 117 See discussion in **Chapter 5.1**, esp. discussion on abuse of Article 152.
- 118 Interviews with Spanish Foreign Ministry officials indicate the depths to which Hispano-French antagonism sank; P. Alonso Gamo interview (September 1983); F. Sanchez Rau interview (September 1983); see also **La Vanguardia**, 30 June- 5 July 1982; **Cambio 16**, vol. 553, 5. July 1982, Peru Eghurbide, "Portazo a Espana".
- 119 Spain entered NATO on 30 May 1981.
- 120 Bulletin of the European Communities, Supplement 8/82, **Problems of Enlargement: Taking Stock and Proposals**, (Brussels, 1982). **Financial Times**, **Guardian**, **Times**, 17 November 1982.
- 121 The Commission passed its proposals in March 1983; the Council agreed on it in October 1983.
- 122 E. Gonzalez Sanchez, (1983) op cit, p. 106.
- 123 Ibid, p. 105.
- 124 **Boletin Europe**, no. 3495, 27.11.82.
- 125 An example of the use of BATNA or "fallback position", see R. Fisher, W. Ury, *Getting to Yes: Negotiating without Giving In* (London, Hutchinson, 1982) Chapter 6; I. W. Zartman, M. Berman,

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- The Practical Negotiator (London, Yale University Press, pp. 121-23); Chapter 2.5 of this thesis. Portuguese Prime Minister Soares' government also employed this tactic.
- 126 Ibid.
- 127 *El Pais*, *Financial Times*, 14 December; F. Nicholson, R. East, op cit, p. 222; A. Alonso, op cit, p. 165.
- 128 *International Herald Tribune*, 8 February, 1983.
- 129 COM(83)24, *Proposals for the Integrated Mediterranean Program for Greece, to Promote the Development of Rural areas of Greece*, (Brussels, 1983); see also, COM(82)757, *Problems Concerning Olive Oil*, (Brussels, 1982); COM(82)757, *Problems of Enlargement of the Community in the Sectors of Fruit and Vegetables*, (Brussels, 1982)
- 130 February 1982.
- 131 A. Alonso, p. 165; *Financial Times*, *El Pais*, *La Vanguardia*, 27 April 1982.
- 132 D. White, J. Carr, "Kohl renews pledge to help Spain join the Community", *Financial Times*, May, 1982; *El Pais*, *La Vanguardia*. The issue was very politically sensitive to the socialist government; P. Preston, D. Smyth, pp. 15-23, 52-55, 70-73, 84-85.
- 133 Interviews: E. Punset interview, (October 1985); S. Fernandez Gomez Reino, (September 1983); Joaquin Balsalobre, (October 1983); D. White, (October 1985).
- 134 See numerous Spanish press reports between October 1982 and December 1984, esp. *El Pais*, *Cambio 16*, *Diario 16*, on 9 December 1983, 15 January 1984; also *Financial Times*, *Times*, *Daily Telegraph*, *International Herald Tribune*, esp IHT 30 May 1982; A. Alonso, op cit, pp. 166-67.
- 135 E. Gonzalez Sanchez, "Las Negociaciones de Adhesion de Espana a las Comunidades Europeas: Enero 1983-Marzo 1984", *Revista de Instituciones Europeas*, vol. 11, no. 2, (mayo-agosto), 1984, p. 483; *Cambio 16*, vol. 550, 14 June; *Diario 16*, *El Pais*, *Financial Times*.
- 136 E. Gonzalez Sanchez, (1984), loc cit.
- 137 *Cambio 16*, vols. 550-553, 14 June-5 July 1983; A. Alonso, op cit, p. 169-82, related to a public stand taken by CEOE against EEC proposals on 13 July.
- 138 F. Nicholson, R. East, op cit, p. 223; E. Gonzalez Sanchez, (1984), op cit, passim; A. Alonso, op cit, pp. 177-78; and numerous press articles in *El Pais*, *Diario 16*.
- 139 *Times*, 9 July 1983; F. Nicholson, R. East op cit, p. 201.
- 140 Full text in *El Pais*, 21 June 1983; A. Alonso, op cit, p. 109.

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- 141 Boletin de Informacion Extranjera, (marzo/abril 1984), pp. 24-25.
- 142 Interviews, S. Gomez Reino, (September 1983); Eurobarometer, no. 19, (June 1983), and no. 20 (December 1983).
- 143 Boletin de Informacion Extranjera, (marzo/abril 1984), loc cit.
- 144 Financial Times, Times, El Pais, 17-20 October 1983; S. Gomez Reino interviews, September 1983. This meeting of the Southern European members of the Socialist International was called the "Socialist Summit" because of the number of party leaders who also led their country's governments. It was Prime Minister Papan-dreu's idea.
- 145 El Pais, La Vanguardia, Times, Daily Telegraph, Guardian, 19 October 1983.; Cambio 16 vol. 569, 25 October 1983.
- 146 Boletin de Informacion Extranjera, (marzo/abril 1984), pp. 25-26.
- 147 El Pais, 17 November 1983.
- 148 El Pais, 18 November 1983.
- 149 Text in El Pais, 19 November 1983.
- 150 See Chapter 3.2; also A. Alonso, op cit, pp. 178-79.
- 151 There were three reasons for France's change in attitude: (a) rapport with Prime Minister Gonzalez; (b) embarrassment; (c) the wish to be the one to "save the Community"; D. Buysse (1985) op cit p. 15; A. Alonso, op cit p. 179-81.
- 152 E. Gonzalez Sanchez (1984) op cit, p. 482.
- 153 Ibid, p. 484; and El Pais, 11 December 1983; 5 Dias 8 December 1983.
- 154 El Pais Panorama Semanal, 15 January, 1984; Times, 30 November 1984.
- 155 Le Monde, 18 January 1984; Le Soir 14 February 1984.
- 156 International Herald Tribune, 7 February 1984; See also reports of Mitterrand's Hague Speech, 8 February 1984.
- 157 D. Buysse, (1984b) op cit, p. 227.
- 158 For full summary, see, Resumen Declaracion Comunitaria Sobre Agricultura (21 de febrero de 1984), Boletin de Informacion Extranjera, (marzo/abril 1984), pp. 28-38. Group 1 included sugar, poultry, eggs, sheep/goatmeat, tranformed fruits and vegetables, industrial agricultural products, pulses, flowers, etc. Group 2 was wine. Group 3 included all dairy, beef, pork and cereals including rice.
- 159 Ibid, part III.

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- 160 Ibid.
- 161 Ibid.
- 162 A. Alonso, op cit, p. 185-87. Spain's Grupo Popular proposed similar objectives in their "Motion Consequent on an Interpolation on Negotiations with the European Communities" on 7 June 1984. (trans).
- 163 Ibid.
- 164 Declaracion Espanola en el Capitulo Agricola (21 marzo de 1984), Boletin de Informacion Extranjera, (marzo/abril 1984).
- 165 Ibid, Part I.
- 166 Ibid, Part II.
- 167 For summary, see F. Nicholson, R. East, op cit, pp. 224-26; A. Alonso, op cit, pp. 185-208, esp. 189; and news reports from March 1984 to February 1985.
- 168 *El Pais*, 23 March 1984.
- 169 E. Gonzalez Sanchez, (1984) op cit, p. 485.
- 170 Chancellor Kohl 17-18 May; Prime Minister Craxi 24-25 May; Prime Minister Lubbers 5 June; European Minister Dumas 15 June; President Mitterrand 29 June.
- 171 *Scotsman* 23 May 1984.
- 172 Resumen de la Declaracion Agricola Comunitaria (19 junio de 1984), Boletin de Informacion Extranjera, (mayo/agosto 1984), pp. 75-82.
- 173 However, as noted in Chapter 5.2.B.ii, the funding is low: it is not compulsory expenditure; nor was the amount of funding specified.
- 174 Resumen de la Declaracion Agricola Comunitaria (19 junio de 1984), op cit, part II.I.
- 175 Ibid, part II.
- 176 Ibid.
- 177 Ibid, part III.
- 178 This began discussions on differing conceptions of "verification of convergence", discussed in C. Tio, op cit.
- 179 A. Alonso, op cit, p. 188; F. Nicholson, R. East, p. 226; *Financial Times*, 21 June 1984.
- 180 *Financial Times*, 21 June 1984.

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- 181 See press reports in *Le Monde*, *Financial Times*, *Times*, *Daily Telegraph*, *El Pais* of the Fontainebleau Summit.
- 182 A. Alonso, pp. 188-89; *Financial Times*, 14 August 1984; *Cambio* 16 issues in July 1984.
- 183 *Declaracion Espanola Sobre Agricultura* (24 julio de 1984), *Boletin de Informacion Extranjera*, (mayo/agosto 1984), pp. 83-87.
- 184 *Ibid*, part III.
- 185 *Ibid*, part IV.
- 186 *Ibid*, part V.
- 187 *Declaracion de la Delegacion Espanola Sobre Agricultura* (3 septiembre de 1984), *Boletin de Informacion Extranjera*, (mayo/agosto 1984), pp. 89-95.
- 188 *Guardian*, 14 September 1984.
- 189 *Times*, 21 September 1984.
- 190 *El Pais*, *La Vanguardia*, *Financial Times*, *International Herald Tribune*, *Times* 4 October 1984.
- 191 For full text, see *El Pais*, late October 1984; *Guardian*, 17 October 1984.
- 192 A. Alonso, op cit, pp. 190-91; also Chapter 7.3..
- 193 See Chapter 7.3.
- 194 A. Alonso, op cit, pp. 190-91.
- 195 *Ibid*.
- 196 *Declaracion Espanola en el Sector de Materias Grasas Vegetales* (26 de noviembre de 1984), *Boletin de Informacion Extranjera* (enero/febrero 1985), pp. 25-30.
- 197 *Ibid* parts I and II. The "reform" declaration is the same as the January 1982 declaration.
- 198 *Ibid*, Parts III, IV.
- 199 See press reports, 5 December 1984; also F. Nicholson, R. East, op cit, pp. 226-27; A. Alonso, pp. 192-93; however, it has not prevented surpluses -- see *Independent*, 31 March 1988.
- 200 A. Alonso, op cit, pp. 192-93; D. Buysse op cit, (1985) p. 17; Spain suffered severe drought during 1981-1983, which significantly lowered its "average production" statistics for the purposes of calculating such quotas. Council struggles oriented toward appeasing local farm opinion.

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- 201 *El Pais*, 15-17 December 1984.
- 202 *Declaracion Comunitaria Sobre el Sector Vitivinicola* (18 diciembre de 1984), *Boletin de Informacion Extranjera* (trans), (enero/febrero 1985), pp. 31-47.
- 203 *Ibid*, Part II.
- 204 *Ibid*, Annex.
- 205 A. Alonso, op cit, pp. 194-96.
- 206 *El Pais*, *La Vanguardia*, 17-23 December 1984; A. Alonso, op cit, p. 197.
- 207 A. Alonso, op cit, p. 199.
- 208 *Declaracion Espanola en el Sector Vitivinicola* (22 enero de 1985), *Boletin de Informacion Extranjera*, (enero/febrero 1985), pp. 49-53.
- 209 *Ibid* Part II.A.
- 210 *Ibid*, part III.G.
- 211 *International Herald Tribune*, 30 January 1985.
- 212 Council meeting on 8 February; COREPER technical negotiation session on 13-14 February; Foreign Minister Andreotti visited Madrid 15 February; technical negotiation session 18-19 February; Council meeting 17-21 February; Council of Agriculture Ministers session 25-26 February; Council session 28 February; Council of Agriculture Ministers session 11-13 March; Council of Foreign Ministers session 17-21 March.
- 213 *El Pais* 16 February 1985; A. Alonso, op cit, p. 200.
- 214 See Press reports of the period 18-24 March.
- 215 *International Herald Tribune*, 23-24 March 1985; F. Nicholson, R. East, op cit, p. 227-28.

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CHAPTER SEVEN

THE PORTUGUESE ACCESSION NEGOTIATIONS

- 1 J. Cravinho, "Portugal: Characteristics and Motives for Entry", in J. L. Sampedro, J. A. Payno (eds), *The Enlargement of the European Community: Case Studies of Greece, Portugal and Spain* (London, (419)

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- 1983), pp. 131-38; P. Alvares, C. Roma Fernandes, Portugal e o Mercado Comum: Dos Acordos de 1972 as Negociacoes de Adesao (vol. 2)(Lisboa, 1980a), pp. 55-59.
- 2 For example, Ministerio das Financas e do Plano, Secretariado de Estado para a Integracao Europeia. Summary Negotiation Document (untitled). Lisboa: Secretariado de Estado para a Integracao Europeia. (October 1984), *passim*.
- 3 J. Cravinho, *op cit*, pp. 132, 135; F. Pinto Balsemao, "The Constitution and Politics", p. 214, in K. Maxwell (ed), Portugal in the 1980s: Dilemmas of Democratic Consolidation, (New York, 1986).
- 4 J. Cravinho, *op cit*, p. 135; P. Alvares, C. Roma Fernandes, Portugal e o Mercado Comum: da EFTA aos Acordos de 1972 (vol. 1) (Lisboa, 1980b), pp. 191-202; Agra Europe Special Report No. 5: The Agricultural Implications of EEC Enlargement -- Part II: Portugal, (Tunbridge Wells, 1980a), p. 3. French and Italian interests centred on wines (both fortified and table), processed tomatoes, and tinned fish: Portugal's strongest agricultural exports complimented the EEC.
- 5 See Chapters Four and Five.
- 6 For example, J. Cravinho (1982) *op cit*, p. 135, noted, "...thus the Agreement conveyed the usual message that the rich and strong must be defended from the poor and weak."; F. Pinto de Balsemao, (1986) *loc cit*, on Portugal being "condemned to Europe"; Diario de Noticias 5 June 1981, on the "complete nebulosity" of official information to the public about enlargement.
- 7 J. Cravinho, "The Portuguese Economy", pp. 111-165, in K. Maxwell (ed) *op cit*; F. Pinto Balsemao (1986) *op cit*.
- 8 See Chapter 4.1.C.
- 9 See Chapters 4, 5 and 6; also D. Smith, "The Cruellest Month", p. 18, in K. Maxwell (ed) *op cit*.
- 10 Diario de Noticias, 25 December, 1981.
- 11 C. Deubner et al, Economic Relations between Spain and Portugal in a Twelve Nation European Community (Brussels, 1984), pp. 17-18.
- 12 See Sections 2 and 3.
- 13 C. Deubner et al, *loc cit*.
- 14 An irrational act. T. Schelling, The Strategy of Conflict, (Cambridge, Mass: 1960) pp. 17-18. A Financial Times editorial, "No Unity Among Socialists", 18 October 1983, pointed out that such threats were unrealistic.
- 15 N. Bruce, Portugal: The Last Empire (London, David and Charles, 1975); T. Gallagher, Portugal: A Twentieth Century Interpretation, (Manchester, 1983); A. de Figueiredo, "Portugal and Africa", pp.

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- 95-100, in K. Maxwell, ed. op cit; J. Cravinho, (1983) op cit, p. 134.
- 16 P. Alvares, C. Roma Fernandes, (1980b), op cit, pp. 55-89.
- 17 Portugal and Britain have a 615 year old treaty (established 1373). The relationship turned into one of economic domination of Portugal by Britain. Portugal is heavily dependent on UK markets in tomatoes, sardines, port. R. Robinson, Portugal: A History (London, 1979), pp. 83-85.
- 18 Memorandum, 4 February 1969. P. Alvares, C. Roma Fernandes, (1980b), op cit, p. 255.
- 19 Ibid, pp. 255-56.
- 20 Ibid, pp. 256-61.
- 21 Ibid, pp. 259-62. Sensitive products included all Portuguese agricultural exports, textiles, shoes.
- 22 J. Cravinho, (1983), loc cit.
- 23 See Chapter 6.1.A.
- 24 P. Alvares, C. Roma Fernandes, (1980b) op cit, pp. 263-64.
- 25 J. Cravinho, op cit; Analise Social, A Formacao de Portugal Contemporaneo: 1900-1980 (vol. I), (Lisboa, 1982); Analise Social, A Formacao de Portugal Contemporaneo: 1900-1980 (vol 2), (Lisboa, 1982); E. Baklanoff, The Economic Transformation of Spain and Portugal, (London, 1978); Alvaro Bandarra, Nelly Jazra, A Estrutura Agraria Portuguesa Transformada?, (Lisboa, 1976); N. Bruce, op cit; A. de Figueiredo, Portugal: Fifty Years of Dictatorship, (Middlesex, 1975); E. R. Fry, G. A. Raymon et al, The Other Western Europe: A Political Analysis of the Smaller Democracies, (Oxford: 1983), pp. 11-50; T. Gallagher, (1983) op cit; L. S. Graham, H. M. Mackler (eds) Contemporary Portugal: The Revolution and its Antecedents, (Austin, 1979); L. S. Graham, D. L. Wheeler (eds) In Search of Modern Portugal: The Revolution and its Consequences, (Madison, 1983); C. Hunt, A. Sobel (eds) Portuguese Revolution 1974-76, (New York, Facts on File, 1976); B. Kohler, Political Forces in Spain, Greece and Portugal, (London, 1982); W. C. Opello, Jr. Portugal's Political Development: A Comparative Approach, (Boulder, 1985); D. Porch, The Portuguese Armed Forces and the Revolution, (London, 1977); G. Pridham (ed) The New Mediterranean Democracies: Regime Transition in Spain, Greece, and Portugal, (London, 1984); R. Robinson, op cit; Sunday Times Insight Team, Insight on Portugal: The Year of the Captains, (London, 1975); M. Porto, "Portugal: Twenty Years of Change", in A. Williams (ed), Southern Europe Transformed: Political and Economic Change in Greece, Italy, Portugal and Spain, (London, 1984), pp. 88-112.
- 26 The Greek colonels fell in July 1974; Franco's successor Admiral Carrero Blanco was assassinated in December 1973; and Franco died in November 1975.

Chapter 7 (continued)

- 27 A. Tovias, "The International Context of Democratic Transition", in G. Pridham (ed) op cit, pp. 158-71; L. Tsoukalis, The European Community and its Mediterranean Enlargement, (London, 1981) op cit, p. 135; B. Kohler, op cit, pp. 191-94, 236-37; R. Eisfeld, "Portugal and Western Europe", pp. 31, 33, 46-47, 51, 55, in K. Maxwell (ed) op cit; New York Times, 25 September 1976.
- 28 See Chapter 4.1 and 4.2.
- 29 P. Alvares, C. Roma Fernandes (1980a), op cit, pp. 33-54, 180. Portugal did not have a detailed economic plan until the summer of 1984. See Section 3.A, below.
- 30 F. Pinto Balsemao (1986) op cit, p. 214.
- 31 P. Alvares, C. Roma Fernandes, (1980a) loc cit.
- 32 For example, R. Eisfeld, op cit, p. 33; Time, 23 December 1985.
- 33 Ibid.
- 34 M. Soares, Portugal's Struggle for Liberty (English Edn), (London, 1975), first published in Portuguese in 1972, pp. 10-12, 289-91; see also Chapter 4.1C, 4.3.
- 35 This lasted until the March 1977 application to accede. P. Alvares, C. Roma Fernandes (1980a), op cit, pp. 186-89.
- 36 Ibid, p. 186.
- 37 For example R. Eisfeld, op cit, passim.
- 38 P. Alvares, C. Roma Fernandes (1981) op cit, pp. 186-87.
- 39 See footnote 19 above, and Chapter 4.
- 40 By 1976, 700,000 retornados came to mainland Portugal which had a population of 9 million. OECD Economic Survey: Portugal (Paris, 1976), p. 9.
- 41 F. Nicholson, R. East, From the Six to the Twelve: The Enlargement of the European Communities, (Harlow, 1987), p. 244; Bulletin of the European Communities, July 1975.
- 42 P. Alvares, C. Roma Fernandes, (1980a) op cit, p. 187; F. Nicholson, R. East, loc cit.
- 43 Constitution promulgated on 2 April; General election on 25 April; the Presidential election on 27 June.
- 44 P. Alvares, C. Roma Fernandes (1980a) op cit, p. 188; F. Nicholson, R. East, loc cit.
- 45 P. Alvares, C. Roma Fernandes, (1980a) loc cit; J. Cravinho, op cit, p. 188.

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- 46 P. Alvares, C. Roma Fernandes, (1980a), loc cit.
- 47 Bulletin of the European Communities, supplement 5/78, Opinion on Portuguese Application for Membership.
- 48 Times, 14 May 1977.
- 49 F. Nicholson, R. East, pp. 244-45.
- 50 Taken from discussions with officials at the INE, Ministry of Agriculture, etc. Even studies such as Agra Europe are vague because of data collection problems.
- 51 9-10 November 1977; 31 May 1978.
- 52 Bulletin of the European Communities, supplement 5/78, op cit.
- 53 P. Alvares, C. Roma Fernandes, (1980a) p. 112.
- 54 Ibid, p. 105.
- 55 Bulletin of the European Communities, Supplement 5/78, op cit, paragraph 3.
- 56 Ibid, Paragraph 11.
- 57 Ibid, Paragraph 16.
- 58 R. Eisfeld, op cit, p. 33; Prime Minister Soares various statements are discussed below.
- 59 See See Chapters 5, 6.1.D
- 60 Bulletin of the European Communities, Supplement 1/78, Enlargement of the Community: General Considerations; Supplement 2/78, Enlargement of the Community: Transitional Period and Institutional Implications; Supplement 3/78, Enlargement of the Community: Economic and Sectoral Aspects.
- 61 Times, 4 October 1978.
- 62 See Chapters 5, 6.
- 63 Interview, Daphne Venturas, EIB, Luxembourg, March 1984; D. Smith, Lisbon, December 1984.
- 64 Interviews: S. Ribeiro Soares, Lisbon, December 1984; C. Lovell (Reuters) December 1984; P. Wise (AP) December 1984; J. P. Silva Carvalho, December 1984; Dr. A. Castro Freire, December 1984; P. Ordaz, op cit.
- 65 Hereafter called the Comissao and the Secretariado.
- 66 Hence Soares' comment that the accession process was "not really negotiations but rather requests by Portugal to the Community." quoted in R. Eisfeld, op cit, p. .

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- 67 P. Ordaz, "As negociacoes de Portugal com as Comunidades Europeias", p. 14, Negocios, vol. 5, (jan. 1981).
- 68 Ibid. **Empreguismo** is nepotism, or political patronage employment.
- 69 F. Nicholson, R. East, op cit, p. 245.
- 70 P. Ordaz, op cit, p. 15 (paraphrased).
- 71 **Summary Negotiation document**, October 1984, op cit. 4.2.1.
- 72 P. Ordaz, op cit, p. 15.
- 73 For example, Franco-British in-fighting over budget contributions lowered the level and conditions of pre-accession aid to Portugal. J. Vale de Almeida, **Diario de Noticias**, 13 October 1980.
- 74 F. Nicholson, R. East, op cit, pp. 217-18.
- 75 **Summary negotiation document**, (October 1984), op cit, 4.2.2.
- 76 Ibid.
- 77 F. Nicholson, R. East, op cit, p. 246.
- 78 Ibid.
- 79 **Diario de Noticias**, 14 April 1981.
- 80 **Expresso**, O Jornal, April 1981.
- 81 **Diario de Noticias**, 30 June, 1981.
- 82 **Summary negotiation document**, (October 1984), op cit, 4.2.3.
- 83 **Summary negotiation document**, op cit, 4.3, pp. 145-51.
- 84 Ibid, p. 146.
- 85 **Times**, 10 December 1981.
- 86 **Diario de Noticias**, 13 December 1981.
- 87 F. Nicholson, R. East, op cit, p. 247; **Diario de Noticias**, 26 January 1982. It may have been a party-political tactic for domestic consumption.
- 88 For example, Antonio Inocencio Perreira's article in **Diario de Noticias**, 4 January 1982, discusses dependency theory in a very abstract manner.
- 89 **Summary negotiation document**, op cit, 4.2.3, pp. 6-7.
- 90 Ibid, pp. 7-9.
- 91 This was finished in 1984.

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- 92 Also, rights of establishment and freedom to provide services, nuclear cooperation, economic and financial questions, VAT; F. Nicholson, R. East, op cit, p. 247.
- 93 Ironically Portugal capitulated on the VAT issue, agreeing to implement it in 3 years rather than 5 years, later in April. For further criticisms see, Diario de Noticias, 1 April 1982; F. Nicholson, R. East, op cit, p. 247; repeated comments (later) in Expresso, 12 November 1982; Industria, October 1984, pp. 8-11; Diario de Noticias 1 November 1984; Time, 23 December 1985.
- 94 See Section 2.C.
- 95 F. Nicholson, R. East, loc cit.
- 96 Financial Times, 30 June 1982; Times, 30 June 1982; Daily Telegraph, 30 June 1982; F. Nicholson, R. East, op cit, p. 222.
- 97 See also Chapter 6.2.C.
- 98 F. Nicholson, R. East, op cit, p. 247.
- 99 Summary Negotiation document, (October 1984), op cit, 4.2.3, pp. 10-13.
- 100 Bulletin of the European Communities, Supplement 8/82, Problems of Enlargement: Taking Stock and Proposals. See also Chapter 6.2.D.
- 101 D. Buysse, The Guide to Enlargement, (Brussels, 1985), p. 16; Financial Times, 17 November 1982; Bulletin of the European Communities, Supplement 8/82, op cit, p. 8.
- 102 The Mediterranean acquis was not completed until October 1983.
- 103 The other international negotiations concerned IMF loans and US bases in the Azores. Sr. Balsemao reluctantly headed the caretaker government. See, inter alia, "Lisbon's Crisis stalls base talks with US", International Herald Tribune, 31 January, 1983; The Economist, 8 January 1983; Newsweek, 25 April 1983.
- 104 Summary negotiation document, (October 1984), op cit, 4.3.2.
- 105 Ibid, 4.3.2, pp. 152-54.
- 106 The government reduced agricultural subsidies and state aids drastically in the summer of 1983 in order to control expenditure, not to "plan" the economy or "prepare for accession". However, they had an equivalent effect. Minor agricultural monopolies began to be dismantled in January 1984. Financial Times, 16 August, 1983, 17 January 1984; The Economist, 30 June 1984, "A Survey of Portugal".
- 107 Financial Times, Diario de Noticias, 25-26 January 1983.
- 108 Ibid.

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- 109 **International Herald Tribune**, 8 February 1983. West Germany agreed to the VAT proposals at the Fontainebleau Summit in June 1984.
- 110 F. Nicholson, R. East, op cit, pp. 223, 248.
- 111 COM(83)24, **Proposals for the Integrated Mediterranean Programme for Greece**, to promote the development of rural areas of Greece. (Brussels, 1983).
- 112 **Summary negotiation document**, (October 1984) op cit, 4.2.4, pp. 13-31.
- 113 Ibid, 4.2.4 passim.
- 114 F. Nicholson, R. East, op cit, p. 223.
- 115 The outcome of the election indicates this: the Socialists gained 36% of the vote; the Social Democrats 27.5%; the Communists and their allies 18%; and the Centre Democrats gained 12.5%. Economist, 30 June 1984; **Diario de Noticias**, 26 April 1983.
- 116 See for example, **Diario de Noticias**, 27 April 1983; **Guardian**, 27 April 1983; **Times**, 29 April and 10 May 1983; **Diario de Noticias**, 4-6 June 1983; **International Herald Tribune**, **Guardian**, **Scotsman**, and **Times** for 10 June 1983.
- 117 For discussion of pre-Stuttgart positional struggles and the ensuing impasse, see inter alia, **Diario de Noticias**, 21 June 1983; **International Herald Tribune**, 16 and 24 June 1983; **Guardian** 17-21 June 1983; **Times**, 21 June 1983.
- 118 F. Nicholson, R. East, op cit, pp. 201, 248.
- 119 **Financial Times**, 19 August, 1983; **Expresso**, 24 July 1983.
- 120 D. Buysse, The Accession of Spain and Portugal to the European Community, (Brussels, 1984a), p. 124. Hence Portugal's preoccupation with "full membership" expressed later in this chapter.
- 121 **Financial Times**, 16 August, 4 October, 14 October 1983; **Scotsman**, 17 October 1983.
- 122 **Guardian**, **Diario de Noticias**, 17 October 1983.
- 123 Discussed extensively in "No Unity among Socialists", (editorial), **Financial Times**, 18 October 1983.
- 124 See Chapter 6.2.E.
- 125 Ibid.
- 126 **Times**, **The Daily Telegraph**, **Diario de Noticias**, 19 October 1983.
- 127 Quoted from F. Nicholson, R. East, op cit, p. 148.
- 128 **Diario de Noticias**, 10-11 November 1983.

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- 129 The insistence on entry in 1984 in an obviously unrealistic negotiating bid. J. L. Cebrian, "Mario Soares cree que Portugal debe entrar la CEE en el primer semestre de 1984", *El Pais Panorama Semanal*, 14 November 1983.
- 130 *Times*, 12 November 1983; *Expresso*, 12 November 1983.
- 131 *Diario de Noticias*, 27 November 1983; *El Pais Panorama Semanal*, 5 December 1983; *Le Monde*, 1 December 1983.
- 132 *Summary negotiation document*, (October 1984) op cit, 4.3.4, pp. 185-87.
- 133 Ibid, and D. Buysse, (1985) op cit, pp. 261-62.
- 134 Ibid, 4.3.3, pp. 173-84; and loc cit.
- 135 Ibid.
- 136 Ibid, 4.2.6, pp. 32-42; also Chapter 8.
- 137 F. Nicholson, R. East, op cit, p. 227; "La Double Mesentente", *Le Monde*, 1 December 1983; *Diario de Noticias*, *El Pais Panorama Semanal*, 5 December 1983. For full discussion see Chapter 6.2.E.
- 138 For example, *International Herald Tribune*, 8 December 1983.
- 139 See especially *Expresso*, 11 December 1983; *Diario de Noticias*, 4,5,6 December 1983.
- 140 See also Chapter 1.3.B.ii, and Chapter 6.3.
- 141 *Financial Times*, 17 January 1984.
- 142 See discussion in Chapter 4.2.B.iv.
- 143 *Diario de Noticias*, 22 January 1984; *Noticias de Portugal*, 19 January 1984. The visits were as follows: Prime Minister Thatcher (17-19 April); Prime Minister Craxi (3-4 May); President Mitterrand (27 June); Commission President Delors (3 July); Prime Minister FitzGerald (25-26 September). Sr. Soares also visited Prime Minister FitzGerald in Dublin on 24-25 October, and Mrs. Thatcher in London on 20-23 November.
- 144 *Summary negotiation document*, (October 1984), op cit, 4.2.6.
- 145 Ibid, passim.
- 146 *International Herald Tribune*, 27 January 1984; Victor Constancio's comments in *O Jornal*, 10 January 1984; see also Chapter 6.3.A.
- 147 *Summary negotiation document*, (October 1984), op cit, 4.3.5.
- 148 Ibid, 4.2.7.
- 149 Ibid.

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- 150 I.e., Portugal wanted to be an exception to the established norms. Ibid; also Chapter 4.2.B.iii and 4.3.
- 151 Ibid.
- 152 Ibid. This especially concerned transforming (but not eliminating) major organs such as IAPO, AGAA, EPAC, JNPP and JNV. It also puts the government's January 1984 announcements on "eliminating monopolies" into a different light.
- 153 Ibid, 4.3.7, 4.3.5. See also Section 2.C, above.
- 154 Ibid.
- 155 Ibid.
- 156 *Financial Times*, 18 April 1984; *Diario de Noticias*, 18 April 1984.
- 157 F. Nicholson, R. East, op cit, p. 248.
- 158 For example, *Diario de Noticias*, 18, 19, 20 April and 3, 4, 5 May 1984; *Espresso*, 7, 29 May 1984.
- 159 *The Guardian*, 10 May 1984.
- 160 D. Buysse, 91984a) op cit, p. 258.
- 161 F. Nicholson, R. East, loc cit.
- 162 *Summary negotiation document*, (October 1984), op cit, 4.3.8. By this time, some of Italy's major objections (regarding oranges) were dropped. *Economist*, 30 June 1984 (Special report).
- 163 *Summary negotiation document*, (October 1984), op cit, 4.2.8.
- 164 Ibid.
- 165 Ibid.
- 166 *Espresso*, 23 June 1984.
- 167 *Summary negotiation document*, (October 1984), op cit, 4.3.9.
- 168 Ibid.
- 169 Ibid, p. 243.
- 170 Ibid, p. 250; also Ivo Dawney, "EEC Ministers stick to tough Line on Spanish entry", *Financial Times*, 19 June 1984; *Espresso*, 23 June 1984.
- 171 See numerous press reports in the *Financial Times*, *Daily Telegraph*, *Scotsman*, *Diario de Noticias*, *Le Monde* on 27 June of the Fontainebleau summit.
- 172 *Diario de Noticias* 2 July 1984; *The Guardian*, 5, 9 July 1984;
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Financial Times, 3 July 1984.

- 173 For example, in August the Government produced a plan to modernize the entire economy, including specific regional development plans. This was a new development in Portuguese economic planning. The regional development provisions were designed to take advantage of EEC regional funds. **Financial Times**, 9 August, 1984.
- 174 **Summary negotiation document**, (October 1984), op cit, 4.3.10.
- 175 **Financial Times**, 3 September 1983.
- 176 Ibid, also 12 September 1984.
- 177 **Summary negotiation document**, (October 1984), op cit, 4.3.11.
178. **Diario de Noticias**, 4, 5, 19 September 1984; **Financial Times**, 12 September 1984; **O Jornal** 7 September 1984.
- 179 **O Jornal**, 7 September 1984; **Financial Times**, 12 September 1984.
- 180 **O Jornal**, 14 September 1984.
- 181 **O Jornal**, 21 September 1984.
- 182 **Expresso** 6 October 1984; **Diario de Noticias**, 4 October; Interview, Diana Smith, cited.
- 183 **Expresso**, 17 October 1984.
- 184 Ibid.
- 185 F. Nicholson, R. East, op cit, p. 249.
- 186 The letter may have added pressure to agree. F. Nicholson, R. East, op cit, p. 248; **Financial Times**, 24 October 1984; **Noticias de Portugal** 24 October 1984; see also Chapter 6.3.B. Also, **Industria**, (October 1984) on CIP criticisms of "unfair" negotiations and terms of entry.
- 187 Quoted from F. Nicholson, R. East, op cit, p. 249; **Financial Times**, 25 October 1984.
- 188 **Times**, 24 November 1984; **The Guardian**, 20 November 1984; F. Nicholson, R. East, op cit, p. 248.
- 189 **Financial Times**, 5 December 1984; **Diario de Noticias**, 5 December 1984; F. Nicholson, R. East, op cit, pp. 226-27.
- 190 **Tempo**, 30 November, 7 December 1984; **Expresso**, 1 and 8 December 1984; **O Dia**, 1, 4, and 5 December 1984; **A Capital**, 4 December 1984; **Diario de Lisboa**, 4 December 1984; **Diario de Noticias**, 1, 5, and 6 December 1984; **The Guardian**, 5 December 1984; **Financial Times**, 5 December 1984; **Times** 5 December 1984.
- 191 For example, **O Jornal**, 7 December 1984. However, the government

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experienced a coalition crisis at the time.

- 192 D. Buysse (1985) op cit, p. 17. *O Jornal*, 7 December 1984; *Diario de Noticias*, 6 December 1984; *Expresso*, 8 December 1984.
- 193 *Diario de Noticias*, 12 December 1984.
- 194 Ibid.
- 195 *The Guardian*, 28 December 1984.
- 196 F. Nicholson, R. East, op cit, pp. 248-49.
- 197 Ibid; also, *Glasgow Herald*, 22 February 1985; *Financial Times* 28 February 1985.
- 198 F. Nicholson, R. East, op cit, p. 227.
- 199 Ibid.
- 200 *International Herald Tribune*, 23-24 March, 1985; F. Nicholson, R. East, pp. 227-248.
- 201 *Tempo*, 1 April 1985; *Expresso*, 2 April, 1985; *O Dia*, 30 March 1985; *A Capital*, 30 March 1985; *Diario de Lisboa*, 30 March, 1 April, 1985; *Diario de Noticias*, 26, 27, 28, 29, 30 March, 1 April 1985; *The Guardian*, 30 March 1985; *Financial Times*, 30 March 1985; *Times* 30 March 1985; *The Observer*, 31 March 1985; *Sunday Telegraph*, 31 March 1985; *Sunday Times*, 31 March 1985; *International Herald Tribune*, 1 April 1985.

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CHAPTER EIGHT

OUTCOME: THE TERMS OF ACCESSION

- 1 Council of Ministers, *Instruments concerning the Accession of the Kingdom of Spain and the Portuguese Republic to the European Community*, 3 vols., (Brussels, 1985). For the sake of brevity, hereafter it is referred to as the *Treaty of Accession* in both text and references.
- 2 For example, D. Buysse, *The Guide to Enlargement: Analysis and Directions for Use of the Accession Treaty of Spain and Portugal to the European Communities*, (Brussels, 1985); *Agra Europe* Special Report no. 26, *Spain and Portugal in the EEC: The Mechanics of Accession*, (Tunbridge Wells, 1985); EEC Commission, *Green Europe*, no. 214, *Agricultural Aspects of Community Enlargement to include Portugal and Spain*, (Brussels, 1986); *Boletín de Información Extranjera*, special issue 3/85, "Tratado de Adhesión, España-CEE: Agricultura", (Madrid, 1985).

Chapter 8 (continued)

- 3 For discussion on evaluating negotiations, see R. Fisher, W. Ury, Getting to Yes: Negotiating Agreements without Giving In, (London, 1982); also Chapter 2.5, 2.5A.
- 4 ACA = Accession Compensatory Amounts; STM = Supplementary Trade Mechanisms; MCA = Monetary Compensatory Amounts. All are discussed below.
- 5 D. Buysse, (1985) op cit, pp. 1-12, 18-19.
- 6 Agra Europe, (1985) op cit, p. 1.
- 7 For example, Treaty of Accession, vol. I, Articles 118, 119, 304, 305.
- 8 Ibid, vol. III, Protocol no. 24, "Agricultural Structures in Portugal; "Declaration by the European Economic Community on the application of the Community loan mechanism in favour of Portugal".
- 9 Ibid, Protocol no. 12, "On the Regional Development of Spain".
- 10 Ibid, Protocol no 21, "On the Economic and Industrial Development of Portugal"; "Joint Declaration on the application in Spain of Community socio-structural measures in the wine sector and provisions enabling the origin to be determined and the commercial movements of Spanish wine to be followed" (I); "Declaration by the European Economic Community on the participation of Spain and Portugal in the benefits derived from the resources of the European Regional Development Fund" (ERDF); "Declaration of the European Economic Community on the adptation and modernization of the Portuguese economy". Furthermore, the EEC's non-compulsory "guidance" funds remained static despite the inclusion of two new Members. D. Buysse, (1985) op cit, pp. 19-20.
- 11 It depends how successfully Spain "fights" for a share of the diminished cake.
- 12 See Chapter 4.1.B, 4.2, and footnote 47 of Chapter 4.
- 13 D. Buysse, (1985), op cit, pp. 17, 19-20, 63.
- 14 For discussion and application, see Agra Europe, (1985), op cit, pp. 7-8, 9-11; D. Buysse, (1985), op cit, pp. 132, 136-37, 142-47, 183-88.
- 15 For discussion of MCAs see Chapter 5.2.B.ii; D. Buysse, (1985), op cit, pp. 136-37, 188; also Footnote 17 below.
- 16 For a diagrammatic explanation, see Agra Europe, (1985), op cit, p. 8.
- 17 D. Swann, The Economics of the Common Market, (Middlesex, 1984), pp. 89-102; I. R. Bowler, Agriculture under the CAP, (Manchester, 1985), pp. 78-82; B. Hill, The CAP: Past, Present and Future, (London, 1984), pp. 60-70; R. Fennell, The Common Agricultural
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Policy of the European Community: Its Institutional and Administrative Organization, (London, 1979) pp. 89-102. Although the Community envisaged phasing out MCAs by 1988, at the time of submission of this thesis it had not occurred.

- 18 See Chapter 5.2.C.
- 19 D. Buysse, (1985), op cit, pp. 57-59.
- 20 See Chapter 5.2 for discussion.
- 21 D. Buysse, (1985), loc cit.
- 22 For the following reasons: (a) Portugal contributes proceeds from agricultural levies only during the **second phase** of transition; (b) of the money advanced for the agricultural **programme of action**; (c) the 3-year delay in imposition of VAT. D. Buysse, (1985), op cit, p. 58; See also discussion of the EEC's **fourth agriculture declaration** in Chapter 7.3.A.
- 23 D. Buysse, (1985), op cit, p. 57.
- 24 Indeed Spanish officials already take a strong line on the budget/contributions issue. See for example R. Carr's article in **The Independent**, 13 September 1988.
- 25 **Treaty of Accession**, vol. I, Article 263.
- 26 Ibid, Articles 312, 315, 319, 326, 328, 331.
- 27 Ibid, Article 233 (wine), notes provisions for control of planting, ampelography, distillation centres, irrigation prohibitions, restructuring and conversions.
- 28 Ibid, Article 131.
- 29 Ibid, Articles 111-113, 117; *Agra Europe*, (1985), op cit, p. 26.
- 30 Ibid, Articles 319-323, 330-332; D. Buysse, (1985), op cit, p. 193.
- 31 Ibid, Articles 114, 324-327; *Agra Europe*, (1985), op cit pp. 25-26; D. Buysse, (1985), op cit, pp. 162, 193.
- 32 Ibid, Articles 312 to 318.
- 33 Ibid, Articles 115-116, 130, 308-309.
- 34 Ibid, Articles 309-314; D. Buysse, (1985), op cit, p. 193; *Agra Europe* (1985), op cit, pp. 24-25.
- 35 Ibid, vol. II, Annex I for quotas; D. Buysse, (1985), op cit, pp. 160-62; *Agra Europe*, (1985), loc cit.
- 36 Ibid, vol. I, Articles 243, 304-305.

Chapter 8 (continued)

- 37 Ibid, Articles 118-119; D. Buysse, (1985), op cit, pp. 162-64; Agra Europe, (1983) op cit, pp. 21-22.
- 38 Ibid, Articles 131-148, 315-318; D. Buysse, (1985), op cit, pp. 165-72, 193; Agra Europe, (1985), op cit, pp. 17-21.
- 39 Ibid, Articles 92-97, 290-295; D. Buysse, (1985), op cit, pp. 148-52, 189-90; Agra Europe, (1985) op cit, pp. 23-24.
- 40 Exceptions to import restrictions refer tyo soya and oilseed based feeds for the Spanish livestock sector. This was a significant concession by the EEC, given its general position.
- 41 Mainly oils used for margarine.
- 42 **Treaty of Accession**, vol. I, Articles 122-129, 268, 333-334; D. Buysse, (1985), op cit, pp. 153-59, 194; Agra Europe, (1985), pp. 22-23.
- 43 Ibid, Articles 108-110, 302-303; D. Buysse, (1985), op cit, pp. 161-62, 191; Agra Europe, (1985), op cit, p. 25.

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CHAPTER NINE

CONCLUSION: AN EVALUATION OF THE THIRD ENLARGEMENT NEGOTIATIONS

- 1 This does not deny that coalitions and parallel negotiations also take place; but their importance is not critical to negotiations at all stages as when collective entities are involved.
- 2 I. W. Zartman, "Negotiation as a Joint Decision-Making Process", in I. W. Zartman (ed), The Negotiating Process, (Beverly Hills, 1978), pp. 70-71. The definition is provided in the **Introduction** of **Chapter 2**.
- 3 R. Fisher, W. Ury, Getting to yes, (London, 1982), p. 4. This is discussed in detail below.
- 4 R. Fisher, W. Ury, loc cit; I. W. Zartman, The Politics of Trade Negotiations between Africa and the European Economic Community: The Weak Confront the Strong, (Princeton, 1971), Chapter 6.
- 5 R. Fisher, W. Ury, loc cit.
- 6 Ibid.
- 7 Ibid, pp. 101-111; also I. W. Zartman, M. Berman, The Practical Negotiator, (London, 1982), pp. 122-23; I. W. Zartman, (1971), op cit, pp. 220-22.

Chapter 9 (contineud)

- 8 See the discussions of motivations in Chapters 1.3.A, 2.5.A.v, 2.5.A.vi, 6.1, 7.1.
- 9 See Chapter 1.4.
- 10 Discussed in Chapters 1.3.A.i, 1.3.A.iii, 1.B.i, 6.1.
- 11 See Chapters 1.3.A.i, 6.1.
- 12 Discussed in Chapters 1.3.A.ii, 1.3.A.iii, 7.1.
- 13 See Chapters 4, 7.1.
- 14 This is discussed in the Introduction to Chapter 7; also 7.1.
- 15 See Chapters 4.5, 7.1, and Introduction to Chapter 7.
- 16 See Chapters 2.5.B; also I. W. Zartman, M. Berman, op cit, pp. 87-146.
- 17 Ibid, and Chapters 6.2, 7.2.
- 18 I. W. Zartman, M. Berman, op cit, pp. 89-94, 103.
- 19 Interviews, Santiago Fernandez Gomez Reino, Madrid, September/October 1983; Chapter 6.2.B, 6.2.C.
- 20 Discussed in Chapter 3.1.C.i, 3.3.
- 21 See Chapter 6.2.D, 6.2.E.
- 22 I. W. Zartman, M. Berman, loc cit.
- 23 Compare Chapter 4.a.C.ii, 4.3 with 5.1.D, 5.3.
- 24 I. W. Zartman, (1971), op cit, p. 209.
- 25 See Chapter 7.2.C.
- 26 I. W. Zartman, (1971), op cit, p. 210.
- 27 Ibid, p. 218.
- 28 This is quite clear in Chapters 6.3, 7.3.
- 29 See Chapters 1.3.B.ii, 6.3, 7.3.
- 30 I. W. Zartman, (1971), op cit, p. 221.

APPENDIX I

CHRONOLOGY OF SPANISH-EEC RELATIONS 1962 - 1985

I. RELATIONS TO 1970

1962

9 February Spanish government requests negotiation on membership in light of the impending first enlargement.

1963

14 January First enlargement negotiations halted; no justification for Spain to enter or pursue trade agreement for EEC.

June European Movement Congress, Munich Resolution opposing any negotiations with Spain approved, in accordance with Birkelback Report.

1964

14 February Spanish government again requests negotiations for EEC membership, or discussion on a trade relationship which leaves open the question of membership.

Spring Council of Ministers requests Italy to evaluate whether the Birkelback Report should exclude Spain from all negotiations on Association. Italy replies no, opening the way for negotiations to begin.

2 June Council of Ministers responds to Spanish government, authorizing Commission to open exploratory talks on Associate trade status.

November Exploratory talks between Spain and EEC on Trade Association, interrupted by Luxembourg Compromise crisis.

1965

Spain opts for a Preferential Trade Agreement instead of Associate Status.

1966

- July Exploratory talks between Spain and EEC recommence around a Preferential Trade Agreement.
- November EEC Commission recommends to Council of Ministers the formula for EEC Preferential Trade negotiations with Spain.

1967

- September EEC and Spain begin negotiations on Preferential Trade Agreement.

1968 - 1969

Negotiations continue on Preferential Trade Agreement

1970

- 13 March End of negotiations between Spain and EEC on Preferential Trade Agreement. Concessions to Spain in primary sector include quotas and tariff reductions on specific products.
- 29 June Preferential Trade Agreement between Spain and EEC signed in Brussels.
- 1 October 1970 Preferential Trade Agreement between Spain and EEC comes into force.

II. RELATIONS FROM 1971 UNTIL 1975: THE DECISION TO OPT FOR EUROPE

1971

- September EEC Commission gives Council of Ministers a report on a possible "Global Mediterranean Policy".
- November In light of Council of Ministers' disagreement about the treatment of Spain under a "Global Mediterranean Policy", Spanish Foreign Minister Lopez-Bravo opts for a re-negotiation of 1970 Preferential Trade Agreement.

1972

- 22 July EEC-EFTA Trade agreement signed in view of the First Enlargement.

1973

- 29 January Spain and EEC sign a supplementary protocol covering new EEC members from First Enlargement (UK, Denmark, Eire).

July Spain and EEC begin new negotiations for a Preferential Trade Agreement, in light of the First Enlargement of the EEC. These remain inconclusive until late 1975.

1974

late November

Spanish ambassador to the EEC, Sr. Ullastres, in view of the power vacuum in Spain before Franco's death, seeks to attain compromises with the EEC Commission to enable Spain to attain a position of "pre-accession", so that after Franco dies, Spain would have the possibility of seeking accession.

1975

25 September European Parliament votes to freeze relations with Spain "until such time as freedom and democracy are established" as a result of 5 ETA-related executions carried out in Spain.

6 October EEC Council of (Foreign) Ministers decide to halt negotiations on a new Spanish-EEC Preferential Trade Agreement because of 5 ETA-related executions carried out in Spain.

20 November General Francisco Franco dies.

22 November Don Juan Carlos crowned King. In his coronation speech, he notes Spain's "European" connections.

III. SPANISH DIPLOMACY AND ACCESSION

1976

January/February Spanish Foreign Minister Areilza visits EEC Commission and capitals of all EEC member states, announcing that Spain wished the negotiation of a new Preferential Trade Agreement to be conducted with a view to accession.

20 January Council of (Foreign) Ministers agree to resume trade negotiations with Spain in light of the changed political situation.

May President of EEC Commission states that before Spanish accession to the EEC was possible, Spain must "exercise a democratic and pluralistic system".

1977

5 April EEC Commission presents Council of Ministers with a **Fresco** on Mediterranean enlargement, outlining problems of a Mediterranean enlargement for Greece, Spain, Portugal, and EEC.

- 12 May EFTA decides to embark on immediate negotiations with Spain on the conclusion of a Free Trade Agreement, in view of Spanish intentions to enter the EEC.
- June Negotiations between Spain and EFTA open.
- 28 July Foreign Minister Oreja Aguirre presents Spain's request to enter the EEC.
- October-November Prime Minister Suarez visits EEC Commission and capitals of all EEC Member States.

1978

During the course of the year, EEC Member-State reactions to the Mediterranean enlargements are articulated, in particular: UK (in favour), France (important interest groups against), Italy (important interest groups against), and Germany (in favour for high political reasons).

- 11 February Leopoldo Calvo Sotelo y Bustelo appointed Minister of Relations with the European Economic Communities, to undertake Spanish part of accession negotiations.
- 20 April EEC Commission gives to Council of Ministers 3 reports on the implications of enlargement, regarding: economic and sectoral aspects, general considerations (and political considerations about accession), and transitional period and institutional implications.
- 27-29 October King Juan Carlos visits France for the first time as Monarch. He emphasizes Spain's commitment to Europe, Spanish contributions, as Europeans, to Europe, and the better aspects of the Franco-Spanish relationship.
- 6 December Spanish constitution approved by referendum.
- 7 December Free Trade Agreement between Spain and EFTA initialled in Geneva.
- 19 December Council of (Foreign) Ministers meeting, at which French insistence prevails regarding the Council and Spain forming common negotiating bases before beginning substantive negotiations.
- 27 December King Juan Carlos approves Spanish Constitution.
- 29 December Spanish Constitution comes into effect.

1979

- 5 February First formal negotiating session of enlargement. Spain expresses its intention to accede by 1.1.83.

26 June Madrid Accord between EEC and EFTA signed: Annex P deals with trade relations between Spain and Portugal, which regulate nearly all trade between Spain and Portugal.

1980

May At an EEC Council of Ministers meeting, the UK budgetary dispute with the rest of EEC member states comes to the fore; it impedes enlargement negotiations.

5 June French President Valery Giscard d'Estaing makes a pre-electoral speech to French farmers in Paris, calling for a "halt" of "pause" in enlargement negotiations. The next day, official (and negative) reactions from both Spanish and Portuguese governments are given.

9 June West German Chancellor Helmut Schmidt speaks of "indispensable adjustments" to EEC agriculture and budget policies before a third enlargement can take place.

June-July Intensive diplomatic and ministerial contacts between Spanish and Portuguese representatives and EEC Member Governments.

July French Prime Minister Raymond Barre visits Madrid, telling Spanish government that eventual enlargement is assured, and defending French thesis on the Third Enlargement. Spanish government reacts with hostility.

1981

1981-1982 Spain adjusts its Fiscal system in answer to EEC criticism.

6 January Lorenzo Natali appointed Commission Vice-President in charge of enlargement and Mediterranean Affairs.

29 January Prime Minister Suarez resigns, to be replaced by Sr. Leopoldo Calvo-Sotelo, who is recalled from his post as chief negotiator for Spain regarding accession. Eduardo Punset would be appointed Spanish Minister for EEC Relations.

23 February Attempted Coup in Spain.

25 February At Investiture for Prime Ministership, Sr. Calvo Sotelo announces his determination to achieve a rapid Spanish entry into NATO, and hints at negotiation links to EEC.

March Council of Ministers statement on coup-attempt: unencouraging about an acceleration of accession negotiations. French stand hardens: position changes to "freezing" negotiations until Spain can guarantee her democracy to satisfy France expectations.

11 March	European Parliament passes a resolution commending the suppression of the Spanish coup attempt, and requesting an acceleration of accession negotiations with Spain.
16 March	At a Ministerial negotiation session, EEC calls for an "intensification" rather than "acceleration" of negotiations.
May-June	EEC Commissioner Lorenzo Natali visits Madrid, but declines to specify a target date for entry.
1 June	Spanish Foreign Minister Perez Llorca notes in a speech to European Parliament that many superficial issues in negotiations have been solved.
25 June	Prime Minister Calvo Sotelo visits Paris for talks with President Mitterrand, and leaves with the impression that agriculture negotiations will begin shortly.
13 July	At Council of Ministers negotiations with Spain, France continues to emphasize the need for prior resolution of internal EEC difficulties in agriculture before discussing agriculture with Spain and Portugal.
Autumn	EEC Member States begin working on the reform of the Mediterranean Acquis Communautaire.
September/ October	EEC barriers go up against Spanish olive oil exports, ostensibly because of poisoned rape-seed oil scare.
14 September	Council of (Foreign) Ministers agrees to adopt a more flexible approach to agricultural and financial aspects to allow the opening of the agriculture dossier.
late September	French Agriculture Minister Edith Cresson, in a speech to southern farmers at Senas, indicates that Spanish accession would be subject to satisfactory assurances pertaining to French farming interests. Immediate negative reaction from Spanish Foreign Minister.
24 September	European Parliament Socialist Group makes a statement about Spanish accession and the protection of the status quo for EEC agriculture.
26 October	Head of CNJAF expresses his opposition to Spanish accession.
27 November	Council of Ministers summit, in which Council reaffirms political commitment , but also stress the importance of internal reforms.
2 December	Spanish negotiations to enter NATO are completed.
9 December	British Prime Minister Thatcher notes that neither Spain nor Portugal is required to enter simultaneously.

29 December EEC Commission President Gaston Thorn expresses unconditional support for Spanish membership in the EEC, and that Spain and Portugal should accede simultaneously.

1982

January Prime Minister Calvo Sotelo makes a personal appeal for the acceleration of negotiations.

Spring First partial agreements with Spain and Portugal on minor chapters of the negotiations.

30 May Spain officially becomes the 16th member of NATO.

June EEC Commission presents Council of Ministers a program of financial support for Mediterranean areas to be covered by the Integrated Mediterranean Plan (PIM).

21 June Council of Ministers adopts a hard line approach in negotiations with Spain.

22 June President Mitterrand, in a speech in Madrid, justifies the need to solve EEC internal problems before admitting new members.

28-29 June EEC Council of Ministers follows French proposal to draw up an **inventory** of outstanding issues, including the manner in which enlargement would affect each Member State. British Prime Minister Thatcher agrees, in order to solve its budget dispute.

16 November An EEC report asks EEC Council of Ministers to reward Spain and Portugal with a definite entry date, and asks the Council of (Agriculture) Ministers urgently to complete revision of the Mediterranean agriculture acquis.

December EEC Commission presents Council of Ministers with its requested **inventory** of outstanding enlargement negotiation issues, and recognizes that the solution of the EEC's internal financial crisis is a prerequisite for the continuation of negotiations with the applicants.

3-4 December European Council Summit, Copenhagen, in which Council fails to fix a specific accession date, but reaffirms political commitment to enlargement. Council of (Foreign) Ministers are urged to press ahead with negotiations rapidly.

13 December Foreign Minister Fernando Moran demands membership of the EEC within 4 years, and demands "concrete proof" from EEC members of their commitment to Spanish accession.

1983

During the course of the year, Spain and France conduct bilateral talks at various levels to solve problems regarding accession.

- 15 February Foreign Minister Moran announces to the press that he hopes negotiations would be concluded in the first half of 1984.
- early March EEC Commission presents Council of Ministers detailed proposals on the Integrated Mediterranean Plan (PIM) including relative shares of development money for France, Greece and Italy. The plan included proposals for transition periods for Spain and Portugal.
- 21-22 March At a European Council of Ministers and Heads of State meeting, Council expresses determination and optimism on opening and solving discussions on Agriculture.
- 27 April Customs dossier is closed between Spain and EEC.
- 1-4 May Prime Minister Gonzalez visits Bonn for talks with Chancellor Kohl. The link between Spanish membership of NATO and the EEC is discussed. Foreign Minister Moran notes during this trip that progress in negotiations have accelerated under German Council Presidency.
- 30 May Spain splits its order to buy jet fighters from both USA and EEC countries. Suggestions of issue linkage to Spain on EEC membership, pressure from Bonn.
- 19 June EEC Council Summit in Stuttgart: the relaunch": Council gives a strong political commitment to complete accession negotiations as soon as possible. Council agrees to apply most of the Integrated Mediterranean Plan to Spain and Portugal from the date of accession.
- July EEC Commission finalizes a negotiation platform for agriculture based on a 10-year, 2-stage formula.
- 5 July Spain notes the disposition of the following dossiers: **CLOSED:** capital movements, transport, regional policy, right of establishment, harmonization of legislation, economic and financial aspects; **IN DISCUSSION:** fiscal harmonization, customs union, coal and steel community, EURATOM, external relations, social policy; **UNOPENED:** agriculture, fisheries, own resources, institutional aspects.
- 5-8 July Greek Prime Minister Andreas Papandreu visits Madrid, and notes to the Spanish government that the EEC should solve its internal financial problems before accepting new members, and also warned Spain that Greek support (like the French) is also important to enlargement.
- 11 August PSOE Government postpones NATO referendum.

- 29 August Ministerial meeting between Spain and Britain to resolve Gibraltar issue.
- 16-17 October European Socialist Summit, Athens, in which the Spanish and Portuguese Prime Ministers express their discontent at the laggard rate of negotiations.
- 17-18 October Council of (Agriculture) Ministers meeting in Luxembourg breaks the 2-year deadlock in negotiations to achieve a position on Mediterranean agriculture.
- 22 October EEC Council meeting fails to achieve any point on its overloaded agenda, and ends in asking Commission for a future study of accession issues.
- December Prime Minister Gonzalez visits President Mitterrand in Paris to seek French support for speeding negotiations.
- 3-4 December At Council of Ministers summit in Athens, fails to agree on a single agenda item regarding negotiations and internal reform.

1984

- 1 January France takes Presidency of EEC Council of Ministers, and begins efforts to speed enlargement negotiations.
- 6 January French Minister for European Affairs Roland Dumas insists in a Brussels interview that Spanish and Portuguese accession depended on the resolution of the EEC's internal problems.
- 30-31 January French Minister for European Affairs Roland Dumas visits Madrid.
- February Agriculture dossier opened for negotiation between Spain and the EEC for the first time. France notes the specific problems in Spain's wine sector and that efforts to control Spanish production would have to be found during negotiations.
- 7 February President Mitterrand expresses commitment to enlargement "without delay".
- 7 February Spanish Secretary of State for EEC affairs Manuel Marin expresses optimism on negotiations because he feels that France is being more cooperative. Expectation that negotiations can be finished by the end of the French Presidency of the Council.
- 21 February Main items negotiated were agriculture (fruit, vegetables, olive oil, wine). EEC proposes a 10 year transition for fruit and vegetables, which Foreign Minister Moran rejects as "insufficient". Also discussed were fisheries and EEC barriers to Spanish industrial goods.

- 7 March Fishing incident between France and Spain which provokes antagonism between France and Spain.
- 17 March Press articles on CAP spending and the need to solve the CAP/Budget problems at the next Council Summit.
- 10 April Ministerial negotiation session, at which agriculture, fisheries and lowering trade barriers for Spanish industrial goods are discussed. The patents and some external relations were agreed.
- 14 May EEC Council of (Foreign) Ministers meeting, at which the Council decides to apply rules for a common organization in Community fruit, vegetables, and olive oil markets, meaning that Spanish exports of fruit and vegetables before accession would face tariff rises of 3%-20%. Council also agreed on Common Fisheries, enabling negotiations with Spain and Portugal to begin.
- 17-18 May German Chancellor Kohl visits Madrid for talks with Prime Minister Felipe Gonzalez.
- 23 May Secretary of State for EEC Relations Manuel Marin expresses discontent with EEC negotiation terms and warns against an agreement without "global equilibrium".
- 24 May French President Mitterrand in a speech to the European Parliament, calls for the "relaunch" of the EEC.
- 24-25 May Italian Prime Minister Bettino Craxi visits Madrid.
- 5 June Dutch Prime Minister Ruud Lubbers visits Madrid.
- 15 June French Minister for European Affairs, Roland Dumas visits Madrid.
- 19 June Ministerial level negotiation session, in which agriculture, fisheries, and lowered trade barriers to Spanish industrial goods were discussed. Disagreement over EEC fisheries terms.
- 20 June Informal Ministerial level negotiation session, in which an **informal** agreement on a 10 year transition occurs. Spanish government, in response to mounting opposition to a "staged" transition process, seeks a global 7 year transition. French Minister for European Affairs and Foreign Minister Moran spoke at great length. EEC accepts idea of "equal treatment" from Spain. Spain receives a 6 year (not 3 as Spain requested) transition for industry.
- 25-26 June European Council of Ministers Summit at Fontainebleau. Official date of entry set by the Council as 1.1.86. UK 1984 Budget rebate figure fixed and other mechanisms for agreed to ameliorate UK contributions. Consensus to increase EEC VAT resources above 1%, with the West German condition that VAT rates may not go through unless enlargement has taken place, and the UK proviso that bud-

get contributions must be reformed. Agreements on budgetary and financial discipline and on new guidelines for the reactivation of European cooperation.

- 29 June French President Mitterrand visits Madrid to report to Spanish Government on the Fontainebleau Summit.
- 24 July Ministerial negotiation session, focussing on the three major unresolved issues: agriculture (in which the Spanish 7 year transition thesis was again advanced), fisheries, industrial trade barriers to Spain.
- 14 August Spain changes its mind on the informal agreement in agriculture of 20 June, and Spanish position becomes rigid.
- 3 September Ministerial level negotiation session: unsuccessful discussions on agriculture, fisheries, trade barriers to Spanish industrial goods.
- 14 September Press reports that Spanish opposition to NATO is growing, and that Foreign Minister Moran is not unhappy about it.
- 18 September Ministerial level negotiation session: unsuccessful discussions on agriculture, fisheries, trade barriers to Spanish industrial goods.
- 21 September Prime Minister Gonzalez goes to Dublin in an effort to solve the remaining problems after unsuccessful negotiations during the summer.
- 23 September Spain questions its entry date: problems of free movement of goods, services, workers; Gibraltar; wine, fish, olive oil, and the budget.
- 30 September First deadline for conclusion of negotiations passes.
- 3 October Ministerial level negotiating session, in which Foreign Minister Moran walks out. Items under discussion were agriculture, fisheries and trade barriers to Spanish industrial goods.
- 9-11 October Greek President Konstantinos Karamanlis visits Madrid.
- 16 October Council of Ministers discuss steel and enlargement.
- 16 October Prime Minister Gonzalez summons the EEC10 ambassadors to deliver a personal appeal to their governments for a quick breakthrough in Spain's bid to join the EEC.
- 16 October Press reports on growing opposition to NATO in Spain.
- 20 October Spanish-Irish fishing dispute.
- 22-23 October Council of (Foreign) Ministers meeting, in which Council manages to establish proposals on industrial tariffs,

Spanish quota of auto exports, olive oil, steel, social issues, sugar.

- 23 October Ministerial level negotiation session, in which the same three topics are discussed: agriculture, fisheries, industrial tariffs to Spanish goods. Council expresses commitment to Foreign Minister Moran on January 1986 accession.
- 24 October Irish Prime Minister Garret FitzGerald and Enlargement/Mediterranean Commissioner Natali sign a statement in Dublin declaring the irreversibility of the enlargement process.
- 27 November Anglo-Spanish agreement on Gibraltar, leading to the opening of frontiers between Gibraltar and Spain.
- 27 November Council of Ministers meeting, discussions on steel and enlargement.
- 3-4 December European Council Summit, in which the Council of Ministers agreed, according to the Dublin Compromise, to curb their wine production. The Council made a breakthrough in finalizing their positions on fish, fruit and vegetables, opening the way for fruitful enlargement discussions. Greek Prime Minister Papandreou blocked a Council communique insisting that any agreement on wine or other Mediterranean products be conditional on Community leaders also agreeing by March 1985 a programme of financial support for the Greek and other Mediterranean economies through the Integrated Mediterranean Plan (PIM).
- 17-18 December Council of (Foreign) Ministers meeting, in which they seek to resolve agriculture and fisheries as outstanding enlargement issues. Also discussed were free movement of workers, and the nearly untouched dossier on Spanish and Portuguese financial contributions.
- 18-19 December Ministerial level negotiation session, dominated by three unsolved enlargement issues: agriculture, fisheries, lowering trade barriers to Spanish industrial goods.
- December Agreement with Spain on industry and institutions: dossiers closed.

1985

- January - March EEC Council of Ministers concludes all outstanding issues.
- 1 January Jacques Delors becomes EEC Commission President.
- 10 January Spanish-UK talks on Gibraltar.

28 January	Council of (Foreign) Ministers seek to resolve outstanding enlargement issues: agriculture, fisheries, free movement of workers, financial contributions.
29 January	EEC Commission promises to produce new ideas to speed the (again stalled) entry negotiations. New proposals expected by beginning of February.
February	Gibraltar-Spanish borders open as a result of the November 1984 Anglo-Spanish agreement.
18-20 February	Council of (Foreign) Ministers meet to discuss agriculture, fisheries, free movement of workers, financial contributions.
21 February	EEC Commission gives Council new Integrated Mediterranean proposals.
25-26 February	Council of (Agriculture) Ministers agree on the question of establishing a new, more effective mechanism to ensure restrictions and implementation on wine curbs.
28 February	Council of (Foreign) Ministers meet to solve outstanding enlargement issues: agriculture, fisheries, free movement of workers, financial contributions.
17-21 March	Council of (Foreign) Ministers meet to resolve (unsuccessfully) outstanding enlargement issues: agriculture, fisheries, free movement of workers, financial contributions.
19 March	EEC report on changing institutional affairs presented.
22 March	Spanish press report failure to resolve outstanding enlargement issues to France's refusal to accept proposed Spanish fisheries arrangement; the Spanish wine quota within the EEC. (LINKAGE)
23 March	Press reports that countries other than France were blocking agreement, including Portugal, objecting to financial contributions the EEC proposed.
28-29 March	Council of (Foreign) Ministers meeting, attended by Portuguese Finance Minister Ernani Lopes and Foreign Minister Moran. Agreement in principle reached on all issues concerning enlargement, but Greek demands on the Integrated Mediterranean Program and financial support in various areas prevents an official conclusion to negotiations.
29 March	END OF ACCESSION NEGOTIATIONS. (29 Ministerial negotiation sessions).
29-30 March	European Council of Ministers summit expresses satisfaction with conclusion of negotiations.

April-May	DRAFTING THE TREATY: Talks on final technical points and on relations between Spain and Portugal during transition.
9 April	Madrid Conference of Confederation of Socialist Socialist Parties of the European Community. Informal discussions between Prime Minister Gonzalez and Prime Minister Soares on bilateral trade.
29-30 April	Bilateral Relations Agreement concluded between Spain and Portugal, concluded by Foreign Ministers Fernando Moran and Jaime Gama.
25-26 May	Prime Ministers Gonzalez and Soares meet on the Spanish-Lusitanian border for bilateral talks.
29 May	EEC Commission delivers favourable opinion on the third enlargement.
7 June	Council of Ministers gives final approval to the third enlargement.
12 June	Accession Treaties Signed.
23 October	Pedro Solbes is appointed to be new Secretary of State for EEC Relations.
20 November	Spain nominates Manuel Marin and Abel Matutes as Commissioners.

APPENDIX II

CHRONOLOGY OF PORTUGUESE-EEC RELATIONS 1962-1985

I. EARLY RELATIONS

1962

- 18 May Portuguese Government requests EEC Council of Ministers to open negotiations for a relationship without specifying what nature of the Association is sought. Portuguese wish to have trade relations in view of the first enlargement.
- 19 December President of EEC Council of Ministers responds affirmatively, suggesting exploratory talks on 13 February. The meeting does not take place because First enlargement talks come to a halt.

1968 Salazar suffers a stroke, Caetano replaces him.

II. THE SPECIAL RELATIONS AGREEMENT

1969

- 4 February Portuguese government sends EEC a memorandum, in which Portugal reaffirms its desire to begin and enter into any mutually beneficial discussions regarding cooperation in trade, technology, and science.
- 1-2 December EEC Council of Ministers summit, in which the Council of Ministers acknowledges Portugal's memo of 4 February and states its desire to enter into mutually beneficial negotiations. This was noted with reference to the Hague Memorandum which stated that the participants "reaffirmed their agreement on the principle of the (first) enlargement of the Community", and undertook to reopen discussions with non-applicant EFTA countries.

1970

- 28 May Portuguese Memo to the EEC in which the Portuguese states its agreement to establish negotiations with the EEC to establish a mutually beneficial trade relationship.
- 247 November Opening at Ministerial level of discussions between Portugal and the EEC Council of Ministers. Portugal accepts EEC rules of internal operation. Portugal requests that negotiations for a trade agreement be conducted in parallel with the Second enlargement negotiations.
- 17 December Portugal and EEC open substantive discussions on a Trade Agreement. The Portuguese, under direction of Foreign Minister Rui Patricio, stated their hope for at least as favourable an agreement as it has with EFTA, or according to GATT regulations. They also asked the EEC to remember its lack of development in negotiations, and lamented the limited nature of EEC agricultural concession proposal. They asked that the nature of the regime to be agreed should not preclude the possibility of evolution to some something more important.
- 19 July Portugal-EEC negotiation session, in which a compromise is reached between Portugal and Italy over tomato concentrate, canned fish and wine.
- 22 July Portugal and EEC sign a Special Relations Agreement in Brussels; Portugal is conceded some special arrangements.

III. REVOLUTION AND THE DECISION TO OXIDE

1974

- 25 April Revolution of the Flowers begins.
- April 1974 - Six provisional governments.
November
1975
- 25 June Foreign Minister Mario Soares and Prime Minister Adelino da Palma Carlos visit Brussels on the eve of the first meeting of the Portugal-EEC mixed committee (of the 1972 Accord).
- 27 June Third meeting of the Portugal-EEC mixed Committee (of the 1972 Accord). The Portuguese delegation affirms the country's democratic principles and affirms fundamental EEC objectives. The EEC expresses its satisfaction of Portugal's democratic order, and notes that it is disposed to give as much support as possible to Portugal.

1975

- 12-13 February EEC Commissioner for External Affairs, Sir Christopher Soames visits Lisbon.
- 16-17 July European Council of Ministers meeting, in which it reaffirms its willingness to extend financial and trade aid conditional on Portugal retaining democratic government.

1976

- 2 April New "Socialist" Constitution promulgated.
- 28-29 October Sixth meeting of Portugal-EEC Mixed Committee (of the 1972 Accord) European vocation and announces its intention to apply to accede.

1977

- January/February Prime Minister Mario Soares visits the capitals of the EEC Member States to solicit views on Portuguese accession application.
- 28 March Portugal submits its formal application to join the EEC.
- 5 April EEC Commission presents the Council of Ministers with the Fresco on Mediterranean enlargement, including the problems presented by or for Portugal, Greece, and Spain.
- 7 April EEC Commission officially acknowledges Portuguese application to accede.
- 13 May Foreign Minister Mario Soares visits EFTA heads of Government in Vienna, asking them to favour, understand and back Portugal's decision to join the EEC.

1978

- 19 May EEC Commission presents the Council of Ministers with its favourable opinion on the Portuguese application.
- 6 June EEC Council of Ministers Summit, in which the Council of Ministers votes in favour of opening negotiations with Portugal with a view to enlargement. The Council gives the Commission a mandate to negotiate with Portugal on the issue.
- 4 October Prime Minister Soares speech at the College of Europe, Bruges, arguing the case for accession.
- 17 October Formal opening of Accession negotiations.
- 1 December First technical negotiating meeting between Portugal and the EEC at which they agree on negotiation procedures.

1979

- 18 January European Parliament confirms its "political will" in favour of Mediterranean enlargement.
- 27 February Second technical negotiating session for Portugal-EEC. The Portuguese seek to push their economic weakness, and point to necessary (and previously requested) revisions to the 1972 Accord especially changes to 1976 Protocols. Positions declared on several (non agriculture) dossiers.
- 26 June Madrid Accord between EEC and EFTA signed, in which Annex P covers virtually all trade relations between Spain and Portugal.
- 26 June EEC Economic and Social Committee expresses a positive attitude to enlargement but noted a need to solve internal institutional/structural question, and the need to reform and adapt these before and after enlargement.
- 19 December Portugal and EEC sign a Supplementary Protocol revision provisions of the Special Relations Agreement.

1980

- May EEC Council of Ministers meeting at which UK raises the budgetary questions on contributions and spending.
- 5 June French President Valery Giscard d'Estaing's speech to French farmers in Paris (pre-electoral). Giscard calls for a "halt" or "pause" in the negotiations until existing EEC problems are first resolved (CAP and Budget). Immediate reaction from Portuguese and Spanish governments.
- 1 July Prime Minister Sa Carneiro visits Paris for discussions with President Giscard d'Estaing. The French continue to stress the need to solve internal problems (CAP and budget) before continuing negotiations.
- 3 December Prime Minister Sa Carneiro dies, and is replaced by Sr Pinto Balsemao in elections.

1981

- EEC spends the year identifying problems of accession according to chapter and dossier.
- 22 February Negotiation meeting in which substantive agreement is achieved on the five easiest chapters: transport, regional policy, EURATOM, most economic questions, and most financial questions.
- 1 January Pre-accession aid agreement comes into force.

- 16 March EEC Council of Ministers calls for an "intensification" of negotiations rather than an acceleration.
- April The Community makes an early statement on enlargement, but confines itself to outlining the main problems and general principles underlying the negotiations, much of which was discussed at the start of negotiations.
- 13 April Prime Minister Pinto Balsemao expresses his wish to accede as soon as possible, but that the right conditions are more important than the date of entry. Official Portuguese opinions acknowledge that the 1 January 1983 target is unrealistic, in light of unopened dossiers: agriculture, free movement of workers, textiles.
- Autumn EEC member states begin working of reform of the Acquis on Mediterranean products.
- 14 September Council of (Foreign) Ministers agree to adopt a more flexible Community approach to agricultural and financial aspects of enlargement.
- 27 November Council of Ministers Summit, in which the Council reiterates their political commitment to successfully concluding the third enlargement, but also stressed the need to utilize effectively the period before accession.
- 9 December Prime Minister Balsemao visits Prime Minister Thatcher in London. Mrs Thatcher agrees that the negotiations should end in 1982 to enable a 1984 accession. She notes that Portugal and Spain are not required to enter the EEC simultaneously.
- 12 December President Mitterrand at a press conference in Lisbon: Prime Minister Pinto Balsemao expresses his intention to accede by 1984. Mitterrand remains silent.

1982

- 24-25 January Prime Minister Pinto Balsemao visits the EEC Commission in Brussels, where the two parties reportedly agreed on a timetable for remaining negotiations. The Prime Minister also spoke to the Council of (Foreign) Ministers.
- 22 February Joint Ministerial meeting in Brussels in which agreement was reached on capital movements, regional policy, nuclear cooperation, economic and financial questions.
- Spring First partial agreement of EEC with Portugal and Spain on minor chapters of enlargement negotiation.
- March Newly elected Greek Prime Minister Andreas Papandreou submits the EEC Council of Ministers a memorandum regarding Greek terms of accession in the second enlargement. This precipitated the Integrated Mediterranean Programmes (PIM).

- 29-30 March EEC Council of Ministers orders the Commission to study the Greek Memorandum.
- 31 March Pedro Ferraz de Costa, Chairman of CIP, the Confederation of Portuguese Industry, speaks out against government handling of accession negotiations, above all criticizing the politicians' rush to enter, and the quality of entry arrangements.
- 14-16 April EEC Commission President Gaston Thorn visits Lisbon for talks with Prime Minister Pinto Balsemao, Foreign Minister Goncalves Pereira, and Finance and Planning Minister Salgueiro. M. Thorn was reluctant to pin down an entry date, but agreed that if Portugal completed entry terms before Spain, there was no justification to hold Portugal to a Spanish entry date.
- June EEC Commission suggests to the Council of Ministers a program of financial support for Mediterranean areas -- which ultimately becomes the Integrated Mediterranean Programmes.
- 22 June Appreciable progress made at Ministerial negotiating session.
- 28-29 June European Council of Ministers meeting, in which the Council follows a French suggestion that the Commission draw up an **inventory** of all outstanding issues, indicating how each Member would be affected by enlargement. French President Mitterrand emphasized that France did not oppose enlargement, but that the EEC's internal problems had first to be solved to prevent damage to the Communities' balance.
- 21 September Ministerial negotiating session in which appreciable progress was made, and key issues resolved in textiles, ECSC, external relations, taxation, and right of establishment.
- 30 September First revision of the Portuguese Constitution.
- 16 November EEC Commission presents the Council of Ministers with its requested **inventory**, which calls for the Council to reward Portugal and Spain by fixing a definite accession date. The Commission dealing with all key crisis sectors, and changing the Acquis for Mediterranean agriculture on the basis of submitted proposals. This was not agreed until October 1983.
- December EEC Commission presents the Council of Ministers with requested **inventory** on outstanding issues, stressing that the solution of the EEC's financial crisis must be solved as a prerequisite of the third enlargement.
- 3-4 December European Council summit, at which the Council of Ministers fails to fix a specific accession date, but reaffirms its political commitment to enlargement, and would press on with negotiations "as rapidly as possible".

1983

- January-July Prime Minister Pinto Balsemao resigns. Six months of "non-government" ensue.
- January EEC Council of Ministers agrees on a Common Fisheries Policy, which does not include any provisions for Portuguese and Spanish entry, but frees the Fisheries dossier to be discussed.
- 25 January Ministerial negotiating session, in which the EEC accepts in principle that Portugal required special transitional arrangements.
- 26 January EEC Council of Ministers makes a major statement on enlargement negotiations, outlining main problems and general principles underlying them. Portuguese Minister in charge of negotiations (Finance Minister) Salgueiro expressed his disenchantment at agriculture proposals.
- 27 February A triumvirate composed of Carlos Mota Pinto, Sr Eurice de Mello, and Sr. Nascimento Rodrigues heads Portuguese government.
- March EEC Commission presents detailed proposals to Council of Ministers on the Integrated Mediterranean Programmes (PIM), complete with detailed shares of aid which France, Greece and Italy should receive.
- 4-5 March Lorenzo Natali, EEC Commissioner for enlargement and Mediterranean affairs visits Lisbon.
- 21-22 March EEC Council Heads of State and Government meeting, in which the Council declared their determinations that enlargement negotiations with both applicants should make considerable progress, and called for a progress report at their next (Stuttgart) meeting.
- 25 April Interim general election in Portugal, no official government until July when a coalition is established.
- 25 May Ministerial negotiation session, EEC proposals presented on agriculture and fisheries. Discussions were completed on the environment, consumer protection, approximation of most laws, EURATOM.
- 19 June EEC Council of Ministers Summit in Stuttgart, in which the EEC was supposed to be "relaunched". The Council states that their objective of enlargement negotiations was to conclude them as soon as internal budgetary discussions were concluded. Some agreement on Mediterranean products.
- July EEC Commission completes its "reflections" and proposes a negotiation platform to the Council of Ministers, advising a "two speed" transition and integration.

- July New coalition government (PS-CDS) headed by Prime Minister Mario Soares.
- 5 July Greek Foreign Minister Ioannis Charalambopoulos announces to the European Parliament that under the Greek Presidency attention would turn to "economic imbalances and regional inequalities.
- 18-19 July Prime Minister Soares visits Prime Minister Papandreou and President Karamanlis in Athens. Prime Minister Soares presses for a more rapid enlargement negotiations, particularly in agriculture.
- 8 September Prime Minister Soares threatens that if no progress is shown on enlargement negotiations, Portugal may withdraw from the idea of enlargement permanently.
- October Agriculture Chapter of enlargement negotiations opened between EEC and Portugal.
- 16-17 October Socialist Summit in Athens, in which all Southern European Socialist Prime Ministers attended (Portugal, Spain, France, Italy), Both Prime Minister Soares and Prime Minister Gonzalez express their discontent with the slow pace of negotiations, and both express the idea that there are other alternatives than the EEC if the negotiations continue at a laggard pace.
- 17-18 October Council of (Agriculture) Ministers meeting, in which, after two years of negotiations, the Council approves a new acquis for Mediterranean agriculture, opening the most contentious dossier in the agriculture chapter of the negotiations.
- 27-28 October EEC Commissioner for enlargement and Mediterranean Affairs Sr Natali visits Lisbon. Foreign Minister Jaime Gama noted to him that the Communities' internal problems had already led to an "unacceptable delay" in the enlargement process, which Portugal would no longer accept in silence.
- 11 November Luso-Spanish summit, Lisbon, to discuss Luso-Spanish relations, especially trade relations, after enlargement.
- 26 November Prime Minister Soares visits President Mitterrand in Paris, in which Soares asked Mitterrand not to make conditions on the entry of Portugal into the EEC, and also asked that Portugal be treated as a separate case to Spain. Soares noted that Portugal should not have to suffer the consequences of the difficulties in EEC-Spanish negotiations.
- 29 November Ministerial negotiating session at which EEC proposals on agriculture and fisheries were presented. Discussions were formally completed on environment, consumer protection, approximation of laws (except patents), EURATOM.

- December EEC "finally gets down to the nitty-gritty" of the agriculture question. The transitional proposals were nearly the same as for Spain, with the exception that its orientation was toward protecting Portugal's economy from excessive disruption.
- 3-4 December Council of Ministers summit, Athens, in which the Council failed to reach a breakthrough on any issue.
- 5 December Ministerial negotiating session, in which the Community proposes an (EEC-financed) reconstruction and development for Portuguese agriculture, as part of transitional arrangements for Portugal.
- 30 December Portuguese-Spanish fishing dispute complicates Luso-Spanish relations.
- 1984**
- 1 January France takes Presidency of the Council of Ministers, and seeks to accelerate enlargement negotiations.
- 16 January Portuguese Ministry of Agriculture announces the break up some monopolies in agriculture, and preparations for future break ups.
- 19-21 January French Prime Minister Pierre Mauroy visits Lisbon to emphasize French commitment to enlargement.
- 23 January Ministerial negotiation session, in which Portugal agrees to a two-stage plan for agriculture transition.
- 7 February President Mitterrand expresses his commitment to enlargement "without delay".
- 19-21 April Prime Minister Thatcher visits Lisbon for Anglo-Portuguese treaty anniversary, and to emphasize the British commitment to enlargement.
- 3-4 May Italian Prime Minister Bettino Craxi visits Lisbon to emphasize the Italian commitment to enlargement.
- 9 May President Eanes visits the Council of Europe, and states that Portugal should receive priority in enlargement negotiations.
- 14 May EEC Council of Ministers meeting at which the Council agrees on the application of the *acquis* on Mediterranean agriculture, which applicants must apply immediately, leading to higher tariffs for Portugal of 3-20%. The EEC position on fisheries and enlargement was also agreed, opening up negotiations with Portugal and Spain.
- 15 May Ministerial negotiation session, in which the Council presents another statement on Fisheries. Progress was achieved on VAT, direct investment in Portugal, and some agricultural questions.

- 18 June Ministerial level negotiation session, in which the EEC refuses Portuguese requests on sugar. The Portuguese agriculture declaration not discussed.
- 25-26 June Council of Ministers Summit, Fontainebleau, at which the official accession date is set for the first time: 1 January 1986. UK budget rebate fixed, and other mechanisms fixed for future UK contributions. Council reached a consensus on increases of VAT contributions, with the West German provision that this would not be implemented until enlargement occurred. Agreements were reached on budgetary and financial discipline, and consensus on new guidelines for the reactivation of European cooperation. This was geared to solve contingent problems of internal wrangles and also enlargement problems.
- 27 June French President Mitterrand visits Lisbon to report on the Fontainebleau Summit and to emphasize the French commitment to enlargement.
- 3 July EEC Commission President Gaston Thorn visits Lisbon to emphasize EEC commitment to enlargement.
- 23 August Ministerial negotiation meeting which collapses, nothing achieved, partly because of French intransigence. The Portuguese Agriculture Minister announces a trip to France to scrutinize the French policy towards negotiations, and to seek substantial concessions.
- 30 August The EEC studies its proposals (especially agricultural) to Portugal in terms of their impact on the Portuguese balance of payments -- and agrees that Portugal needs special consideration.
- 3 September Ministerial negotiating meeting at which wine was the dominant topic. EEC members were divided. Finance Minister Ernani Lopes expresses his discontent.
- 12 September Portugal expresses its discontent with the EEC's need to defend itself from Portugal's few major agricultural exports even when the Portuguese share is minor. Portugal expresses its discontent at being linked to Spanish negotiations.
- 14 September Press reports on enlargement discussions in Dublin, at which the European Community seeking, and failing, to make a "package deal" to respect its own equilibrium regarding fisheries, wine, olive oil, social affairs and industry. All discussions put off until the end of the year.
- 18 September Ministerial level negotiation session at which Portugal wins the right to be considered apart from Spain on the fisheries chapter.

- 25-26 September Irish Prime Minister Garret FitzGerald visits Lisbon to emphasize the Irish commitment to enlargement, and to assure that the closure of negotiations is far off.
- 30 September First negotiation deadline is passed.
- 3 October Ministerial level negotiation session, at which Portugal agrees on the sugar question. But the EEC fails to achieve any other substantive point after eight hours, and left all basic dossiers untouched. Finance Minister Lopes chides the EEC's inability to come to agreement. Both Portugal and Spain announce an intent to "relaunch" the negotiations.
- 12 October Prime Minister Soares denounces Spain on illegal fishing in Portuguese waters.
- 12 October Finance Minister Ernani Lopes announces that he will not go to the 23 October negotiating session unless the Council of Ministers decides beforehand their position on the two outstanding dossiers to be negotiated.
- 19 October Prime Minister Soares sends a letter to all EEC governments asking for a statement on the "irreversibility" of the Portuguese integration process to accede by 1986.
- 22-23 October Council of (Foreign) Ministers meeting at which Portugal is informed in the aftermath of EEC agreements of position on social policy, olive oil, and sugar transition periods.
- 24 October Irish Prime Minister Garret FitzGerald and EEC Commissioner for enlargement and Mediterranean affairs, Lorenzo Natali sign a joint statement in Dublin declaring the "irreversibility of Portuguese integration into the European Communities", and that the negotiation should achieve "mutually satisfactory conclusions" soon.
- 24-25 October Prime Minister Soares visits Dublin for enlargement talks.
- 13 November End of Luso-Spanish summit in which the joint declaration expresses a desire to put things on a balanced level.
- 20-23 November Prime Minister Soares visits London for enlargement talks.
- 3-4 December European Council Summit, at which the Council agrees on internal curbs to wine production, but Prime Minister Papandreou insists that any agreement on any Mediterranean products must be conditional on Council agreement on a 1985 program of support for all Members with Mediterranean economies.
- 6 December Outgoing EEC Commission President Gaston Thorn expresses pessimism about a 1986 entry date.

- 17-18 December Council of (Foreign) Ministers meeting, in which they seek to resolve outstanding enlargement issues of agriculture, fisheries, free movement of labour, the virtually unopened dossier of Portuguese and Spanish financial contributions.
- 18-19 December Ministerial negotiating meeting, in which the outstanding enlargement issues are discussed but not agreed upon.

1985

- January-March Council of Ministers completes outstanding issues of agriculture, social affairs, fisheries and contributions.
- 1 January Jacques Delors becomes EEC Commission President
- 28 January Council of (Foreign) Ministers meeting seeks a unified position to resolve outstanding enlargement issues.
- 18-20 February Council of (Foreign) Ministers meeting seeks a unified position to resolve outstanding enlargement issues.
- 21 February EEC Commission gives the Council of Ministers new proposals on the Integrated Mediterranean Programmes (PIM).
- 25-26 February Council of (Agriculture) meet, and establish agreements on internal regulations restricting wine production.
- 28 February Council of (Foreign) Ministers seeks a unified position to resolve outstanding enlargement issues.
- 11-13 March Council of (Agriculture) Ministers finalize a 5-year program for structural aid to Community farmers.
- 17-21 March Council of (Foreign) Ministers again seeks a unified position on all outstanding enlargement issues, a problem debated since 17 December 1984.
- 19 March The EEC Ad Hoc Committee on Institutional Affairs presents its proposals on institutional reform, in light of internal crises and enlargement.
- 22-24 March Press reports that countries apart from France are blocking agreement on outstanding enlargement issues, including applicant states, which raise objections to EEC proposals regarding some enlargement issues.
- 28-29 March Council of (Foreign) Ministers negotiating session with Portugal and Spain, at which Finance Minister Ernani Lopes and Foreign Minister Fernando Moran attend. Agreement in principle reached on all issues concerning enlargement. However Greek demands on funding the Integrated Mediterranean Programmes (PIM) prevents formal clo-

sure of negotiations.

29 March	Council of Ministers Summit: <u>NEGOTIATIONS CONCLUDED.</u>
April-May	Spain and Portugal discuss final technical points on Luso-Spanish relations.
April-May	Accession Treaty drafted.
29-30 April	Bilateral Relations Agreement concluded between Portugal and Spain.
25-26 May	Prime Minister Soares and Prime Minister Gonzalez meet on the Luso-Spanish border for an important bilateral relations discussion.
29 May	EEC Commission gives a favourable opinion on the third enlargement.
7 June	Council of Ministers gives a favourable opinion on enlargement.
12 June	Accession Treaties signed in Lisbon. Many details and issues were not resolved until the latter half of 1985.
13 June	Prime Minister Soares' coalition government collapses.
23-29 June	EEC Council Summit, in which Portugal and Spain send observers.
11 September	European Parliament votes to ratify the treaty.

APPENDIX III

MISCELLANEOUS COMPARATIVE TABLES

TABLE 1

SHARE OF LABOUR AND GDP/GNP BY SECTOR IN FRANCE & ITALY

YEAR	FRANCE						ITALY					
	Agriculture		Industry		Services		Agriculture		Industry		Services	
	% wrk force	% GDP	% wrk force	% GDP	% wrk force	% GDP	% wrk force	% GDP	% wrk force	% GDP	% wrk force	% GDP
1966	-	7.4	45.5	-	47.1	-	12.5	-	40.1	-	47.4	-
1968	15.7	6.6	45.8	-	47.5	15.5	11.0	-	39.0	-	50.0	-
1969	15.1	6.0	40.6	48.1	44.3	45.9	-	11.3	-	38.9	-	49.8
1970	14.0	6.0	38.8	48.4	47.2	45.6	18.9	11.6	41.9	41.7	36.1	46.8
1971	-	5.7	-	47.7	-	46.6	18.7	9.8	42.3	38.7	35.8	51.6
1973	12.2	-	39.3	-	48.5	-	16.6	10.0	42.0	38.6	37.8	50.7
1974	11.6	5.9	39.2	52.9	49.2	41.2	15.9	8.4	42.4	41.7	38.7	49.9
1975	11.3	5.9	38.6	52.9	50.1	41.2	14.7	8.5	41.4	41.0	40.1	50.5
1976	-	4.8	-	38.0	-	57.2	-	7.6	-	41.4	-	50.0
1978	9.1	4.7	37.1	37.5	52.7	57.8	14.2	8.9	37.8	42.9	48.0	48.2
1979	9.0	5.1	37.1	40.7	53.8	54.2	13.0	8.9	34.7	42.9	44.6	48.2
1980	8.8	4.5	35.9	39.4	55.3	56.1	14.2	8.9	37.8	42.9	48.0	48.2
1981	8.8	4.2	35.9	38.4	55.3	57.4	13.4	-	37.5	-	49.1	-
1983	8.1	5.0	33.8	42.8	58.1	52.2	11.9	6.1	34.5	37.1	53.7	56.8
1984	-	4.8	-	42.1	-	53.1	11.9	5.4	29.9	39.7	49.4	54.9
1985	7.6	4.5	32.0	42.0	60.5	53.4	11.2	-	33.6	-	55.2	-

SOURCES: OECD Economic Surveys (various years).

TABLE 2

LAND TENURE IN FRANCE, ITALY AND EEC-9
1975 & 1979/82

size	year	FRANCE		ITALY		EEC-9	
		number of farms	% UAA	number of farms	% UAA	number of farms	% UAA
0 - < 1 ha	1975	113,000	8.6	519,600	19.5	734,300	12.6
	1979/80	114,000	9.1	906,300	32.0	1,115,000	19.2
1 - < 5 ha	1975	248,800	18.9	1,467,600	55.1	2,148,400	36.8
	1979/80	238,500	19.0	1,312,300	46.3	1,953,700	33.6
5 - <20 ha	1975	455,900	34.7	552,900	20.8	1,768,300	30.3
	1979/80	406,900	32.4	489,000	17.3	1,575,100	27.1
20 - <50 ha	1975	358,700	27.3	86,600	3.3	861,700	14.8
	1979/80	348,000	27.7	86,900	3.1	840,400	14.4
>50 ha	1975	138,900	10.6	37,500	1.4	322,500	5.5
	1979/80	147,900	11.8	38,000	1.3	336,900	5.8

SOURCE: EUROSTAT Survey on the Structure of Agricultural Holdings
1979/80, Brussels: EEC (1985), p. 12

APPENDIX IV

A COMPARISON OF FOOD SELF-SUFFICIENCY BETWEEN IBERIA AND THE EEC

1979 - 1986

TABLE 1: 1979

Product	Country													
	FRG	FR	IT	N	B/L	UK	IR	DK	G*	S*	P*	EC9*	EC10*	EC12*
Butter	132	114	70	492	106	42	344	241	63	90	52	100	119	115
Cheese	91	116	79	234	39	68	644	375	96	-	-	-	-	-
Milk**	207	107	-	60	144	125	449	98	100	99	99	100	-	100
Beef/Veal	102	111	62	133	98	77	546	346	47	87	70	100	98	95
Pork	89	89	75	225	160	65	133	352	92	103	95	100	102	100
Sheep/Goat	34	77	61	286	19	59	135	0	92	100	100	66	69	64
ALL Meat	88	98	76	197	119	73	248	323	78~	160	-	98	98	-
Poultry	61	119	99	283	90	100	100	222	99	100	100	104	105	112
Eggs	73	98	96	270	142	101	40	104	100	101	100	108	101	101

TABLE 2: 1980

Product	Country													
	FRG	FR	IT	N	B/L	UK	IR	DK	G	S*	P*	EC9*	EC10	EC12*
Butter	132	122	68	255	112	51	295	209	78	-	-	-	120	115
Cheese	93	114	80	225	39	72	544	451	93	-	-	-	106	-
Milk**	238	121	-	67	260	329	-	97	-	-	-	-	130	-
Beef/Veal	106	111	63	141	108	84	655	351	46	87	70	100	103	95
Pork	88	83	71	240	160	65	133	352	92	103	95	100	100	100
Sheep/Goat	38	80	66	313	18	65	139	0	95	-	100	66	-	64
ALL Meat	89	97	75	210	121	77	269	315	80	~160	-	98	99	-
Poultry	69	126	99	296	85	99	102	231	103	100	100	104	107	112
Eggs	73	100	93	309	138	98	79	101	101	101	100	108	101	101

TABLE 3: 1981

Product	Country													
	FRG	FR	IT	N	B/L	UK	IR	DK	G	S*	P*	EC9	EC10*EC12*	
Butter	124	120	63	270	115	53	266	214	70	90	52	100	118	115
Cheese	95	115	80	229	41	71	491	434	87	-	-	-	107	-
Milk**	227	122	-	83	470	181	-	103	-	99	99	100	142	100
Beef/Veal	111	116	60	156	116	83	482	372	57	87	70	100	104	95
Pork	86	84	78	237	155	67	124	386	84	103	95	100	101	100
Sheep/Goat	43	78	66	263	22	68	143	0	93	100	100	66	75	64
ALL Meat	89	99	77	217	124	77	227	344	84	~160	-	98	101	-
Poultry	63	137	99	304	90	99	92	236	101	100	100	104	111	112
Eggs	71	103	96	291	128	98	76	102	98	100	100	108	102	101

TABLE 4: 1982

Product	Country													
	FRG	FR	IT	N	B/L	UK	IR	DK	G	S*	P*	EC9*EC10*EC12		
Butter	128	124	64	467	110	67	298	233	43	90	52	100	128	115
Cheese	96	116	77	235	42	70	475	446	87	-	-	-	107	-
Milk**	248	139	-	79	208	315	-	173	-	99	99	-	153	-
Beef/Veal	111	112	59	154	106	108	483	413	42	87	70	100	102	95
Pork	86	83	74	235	147	69	126	395	78	103	95	100	101	100
Sheep/Goats	41	79	63	271	28	63	162	0	87	100	100	66	72	64
ALL Meat	89	100	75	213	116	78	221	351	76	~160	-	98	100	-
Poultry	62	146	99	254	88	99	93	225	99	100	100	104	112	112
Eggs	71	105	95	298	124	99	71	108	98	101	100	108	103	101

TABLE 5: 1981/2

Product	Country													
	FRG	FR	IT	N	B/L	UK	IR	DK	G	S	P	EC9	EC10	EC12
Soft Wheat	105	209	75	58	67	99	46	135	146	84	26	-	124	118
Durum Wheat	-	66	108	-	-	-	-	-	216	395	51	84	100	96
Barley	90	170	44	34	77	153	110	105	95	64	41	-	115	105
Maize	32	138	77	.2	4	-	-	-	71	33	15	-	71	60
ALL Cereals	89	170	78	28	49	105	83	105	110	57	22	-	106	96
White Sugar	152	263	132	178	293	47	115	208	114	96	4	113	154	144
Wine	47	95	118	57	-	-	-	-	104	-	125	100	93	103
Potatoes	88	102	99	152	105	88	89	106	99	98	97	-	101	101
ALL Soft Fruits^	35	92	140	59	42	23	15	39	123	112	92	-	82	87
Citrus	-	3	110	-	-	-	-	-	179	243	100	51	-	78
Fruits^														
Vegetables^	37	94	131	211	108	63	83	72	130	126	132	-	101	106

TABLE 6: 1982/3

Product	Country													
	FRG	FR	IT	N	B/L	UK	IR	DK	G	S	P	EC9	EC10	EC12
Soft Wheat	112	223	87	62	72	113	67	148	146	102	40	-	136	131
Durum Wheat	.9	67	114	-	-	-	-	-	229	93	65	84	107	105
Barley	102	167	47	32	72	146	115	121	92	81	48	-	120	114
Maize	39	157	88	.1	9	-	-	-	69	34	15	-	83	67
ALL Cereals	96	181	86	32	59	113	91	120	108	64	25	-	115	105
Butter	155	131	64	637	126	77	349	257	54	90	52	147	147	115
Cheese	95	116	78	243	35	74	433	440	87	-	-	108	107	-
Milk**	273	135	-	56	112	229	561	224	-	-	-	134	-	-
Beef	114	113	62	118	114	86	559	431	44	87	70	106	104	95
Veal	80	110	68	906	117	133	100	100	11	-	-	115	109	-
Pork	87	76	75	252	149	71	172	401	72	103	95	102	101	100
Sheep/Goat	42	77	63	350	23	72	160	-	86	100	100	74	76	64
ALL Meat	112	113	63	172	114	86	560	414	37	~160	-	107	105	-
Eggs	72	104	93	301	123	98	75	104	99	-	100	103	103	101
White Sugar	147	242	80	193	291	63	143	252	108	108	4	113	146	139
Wine	94	117	126	-	108	-	.2	-	108	121	125	100	111	103
Potatoes	85	103	100	156	113	87	98	101	109	198	94	-	103	102
ALL Soft														
Fruits^	66	93	122	68	64	26	17	43	121	115	94	-	87	90
Citrus	-	3	110	-	-	-	-	-	129	256	100	-	42	70
Fruits^														
Vegetables^	38	94	121	192	119	68	87	72	150	123	139	-	100	105
Oilseeds	9	95	58	1	.9	36	42	128	91	-	-	-	35	-

TABLE 7: 1983/4

Product	Country													
	FRG	FR	IT	N	B/L	UK	IR	DK	G	S	P	EC9	EC10	EC12
Soft Wheat	101	209	70	54	62	104	51	104	91	85	36	-	119	114
Durum Wheat	2	61	123	-	-	-	-	-	183	58	30	84	105	99
Barley	92	162	49	20	62	137	115	97	84	83	78	-	109	104
Maiz	36	168	83	.1	4	-	-	-	90	31	17	-	84	69
ALL Cereals	89	178	79	27	46	105	83	97	96	66	25	87	106	98
Butter('84)	134	115	63	467	118	67	387	173	51	90	52	129	129	115
Cheese (")	97	114	79	243	35	71	423	469	87	-	-	109	108	-
Milk**(")	231	131	-	33	81	125	1022	55	100	99	99	106	105	100
Beef	122	123	66	142	128	90	607	380	45	87*	70*	114	112	95*
Veal	81	112	73	795	121	149	100	100	12	-	-	117	111	-
Pork	87	76	76	259	145	69	118	383	73	103*	95*	102	101	100
Sheep/Goat	46	74	63	300	25	74	171	33	89	100*	100*	75	77	64*
ALL Meat(")	119	121	67	195	-	-	-	-	-	-	-	115	-	-
Eggs	73	101	90	319	120	95	75	100	97	-	100*	102	102	101*
White Sugar	120	189	85	150	205	55	143	165	107	114	4*	113*	122	118
Wine	72	108	118	-	80	9	75	-	110	105	72	100*	101	103*
Potatoes	82	98	100	156	113	87	87	96	108	99	94	-	99	99
ALL Soft Fruits^	51	88	124	63	61	24	18	37	123	114	95	-	84	88
Citrus Fruits^	-	2	107	-	-	-	-	-	142	245	101	-	47	74
Vegetables^	35	90	123	210	116	60	83	68	175	124	145	-	100	105
Oilseeds	13	105	76	1	1	38	89	118	91	-	-	-	45	-

TABLE 8: 1984/5

Product	Country													
	FRG	FR	IT	N	B/L	UK	IR	DK	G	S	P	EC9	EC10	EC12
Soft Wheat	108	276	61	65	81	142	77	142	112	100	41	-	147	140
Durum Wheat	11	100	149	-	-	35	-	-	219	121	60	-	138	135
Barley	106	213	59	24	81	170	127	128	108	117	68	-	-	-
Maize	40	157	86	.1	6	-	-	-	89	46	21	-	85	73
ALL Cereals	99	215	82	31	61	139	102	133	110	93	32	-	-	-
Butter('85)	112	128	-	-	-	73	-	183	70*	90*	52*	-	-	115*
Cheese(")	96	113	-	-	-	72	441	-	-	-	-	-	-	-
Milk**(")	263	131	-	-	-	148	-	96	-	-	-	-	-	-
Beef(")	116	118	58	130	127	87	683	325	40	87	70*	108	106	95*
Veal(")	78	108	76	782	134	119	-	100	16	-	-	116	111	-
Pork(")	86	81	71	272	145	70	114	375	70	-	-	103	102	-
Sheep/ Goat(")	43	71	55	257	19	75	204	33	87	-	-	74	76	-
ALL Meat(")	113	116	61	185	128	88	683	319	35	-	-	109	107	-
Eggs(")	72	98	92	-	113	95	79	98	97	-	-	-	-	-
White Sugar	132	211	77	164	231	64	142	239	85	97	4*	-	132	125
Wine	55	102	120	-	73	.2	-	-	116	119	64	-	97	-
Potatoes	90	100	90	149	110	96	90	100	106	103	90	-	103	102
ALL Soft	57	88	127	62	65	19	16	40	124	115	91	-	81	86
Fruits^														
Citrus	-	3	118	-	-	-	-	-	111	400	100	-	46	72
Fruits^	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vegetables^	37	91	123	202	112	67	82	71	156	124	152	-	101	107
Oilseeds	14	-	53	1	-	55	214	243	-	-	-	-	-	-

TABLE 9: 1985/6

Product	Country													
	FRG	FR	IT	N	B/L	UK	IR	DK	G	S	P	EC9	EC10	EC12
Soft Wheat	99	239	58	47	72	109	56	105	82	97	33	-	124	120
Durum Wheat	39	114	131	-	-	40	-	-	194	92	53	-	125	121
Barley	105	202	65	24	83	158	118	122	87	113	48	-	129	125
Maize	47	188	90	.3	5	-	-	-	110	54	22	-	99	83
ALL Cereals	95	204	80	25	54	116	86	119	104	92	30	-	119	112
Butter('86)	118	123	-	-	-	-	571	193	-	-	-	-	-	-
Cheese(")	95	114	-	-	-	-	450	397	-	-	-	-	-	-
Milk**(")	317	142	-	-	-	-	975	167	-	-	-	-	-	-
Beef(")	124	-	54	158	138	80	679	287	34	93	87	-	-	102
Veal(")	81	-	79	647	135	161	-	100	23	100	78	-	-	116
Pork(")	88	-	66	278	146	72	114	353	69	97	96	-	-	106
Sheep/Goats	45	-	57	225	22	79	195	33	86	99	100	-	-	84
ALL Meat	93	-	71	247	124	80	277	304	68	97	95	-	-	102
Poultry(")	61	-	98	212	81	95	91	193	96	99	100	-	-	98
Eggs(")	72	-	-	-	113	96	-	101	96	-	-	-	-	-
White Sugar	140	210	81	146	245	58	120	256	99	83	4	-	133	124
Wine	42	114	125	-	51	.1	-	-	129	130	122	-	103	107
Potatoes	93	104	97	132	101	94	80	99	108	100	92	-	102	102
ALL Soft	52	92	131	47	60	23	14	36	128	118	97	-	83	88
Fruits^														
Citrus	-	3	114	-	-	-	-	-	188	261	99	-	48	76
Fruits^														
Vegetables^	39	92	128	200	119	61	75	71	139	134	145	-	100	107
Oilseeds	14	-	68	-	1	59	186	275	94	58	20	-	-	-

NOTE: * denotes average estimates.

** denotes SMP (skimmed milk powder)

~ denotes approximate figure.

SOURCES: Eurostat (various years); A. Camilleri, op cit; EC Commission Communication 15 Oct 1981; Green Europe no. 190, op cit; J. Donges et al, op cit.

APPENDIX V

TERMS AND ACRONYMS

Term	Origin	Meaning
ACAP	Portugal	Agricultural Machinery Importers Association
ACA	EEC	Accession Units of Account
AGAA	Portugal	General Administraton of Sugar and Alcohol
AUA	EEC	Agricultural Unit of Account
CAP	EEC	Common Agricultural Policy
CAP	Portugal	Confederation of Portuguese Farmers
CAT	Spain	General Commisary of Supply and Transport
CCT	EEC	Common Customs Tariff (also called CET)
CEOE	Spain	Spanish Confederation of Business Organizations
CES	EEC	Economic and Social Committee
CET	EEC	Common External Tariff (also called CCT)
CIAA	EEC	Agro-Alimentary Industry Commission
CIBE	EEC	Confederation of European Sugar Beet Producers
CLEP	Portugal	Company of Dairymen, Public Enterprise
CNJAE	Spain	National Committee of Young Farmers (Spain)
CNJAF	France	National Committee of Young Farmers (France)
COGECA	EEC	General Committee of Agricultural Cooperation
COPA	EEC	Committee of Professional Agricultural Organizations

COMPERA	EEC	European Committee for Agricultural Progress
COREPER	EEC	Committee of Permanent Representatives
CRCB	Portugal	Regulatory Commission for Trade in Cod
DGHA	Portugal	Directorate General of Agricultural Hydraulics
DGP	Portugal	Directorate General for Fish
EAGGF	EEC	European Agricultural Guarantee and Guidance Fund (also FEOGA)
ECU	EEC	European Currency Unit
EEC	EEC	European Economic Community
EPAC	Portugal	Public Enterprise of Cereals Supply
EFTA	EFTA	European Free Trade Association
EMU	EEC	European Monetary Unit
ERDF	EEC	European Regional Development Fund
ESF	EEC	European Social Fund
FEOGA	EEC	European Agricultural Guarantee and Guidance Fund (also EAGGF)
FORPPA	Spain	Fund for the Ordenation and Regulation of Agrarian Production and Prices
FTT	Spain	Federation of Workers of the Land
IAPO	Portugal	Institute of (vegetable) Oils and Oleagenous Products
ICEP	Portugal	Internal Cereals Supply, Public Enterprise
IFADAP	Portugal	Financial INstitution for Aid and Development in Agriculture
IGDF	Portugal	Institute for Agrarian Structure, Administration and Reform
IMP	EEC	Integrated Mediterranean Programmes (also PIM)
INIA	Portugal	National Institute for Agrarian Research
IRA	Spain	Institute of Agrarian (Labour) Relations
IRYDA	Spain	Institute for Agrarian Reform and Development
JNF	Portugal	National Junta for Fruits
JNV	Portugal	National Junta for Wines

LFA	EEC	Less Favoured Area
MCA	EEC	Monetary Compensatory Amounts
PASOK	Greece	Panhellenic Socialist Movement
PIM	EEC	Integrated Mediterranean Programmes (also IMP)
PSOE	Spain	Socialist Workers Party of Spain
QUIMIGOL	Portugal	Public Enterprise for Fertilizers
SENPA	Spain	National Service of Agricultural Products
STM	EEC	Supplementary Trade Mechanism
UAA	—	Utilized Agricultural Area
UCD	Spain	Centre-Democratic Union
UGT	—	General Union of Workers (Socialist)
UNICE	EEC	Union of Industries of the European Commu- nities

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